

For Immediate Release: Jan. 24, 2011

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New Research from EBRI:

**Employers & Workers Expecting
Cost Increases From Health Reform**

WASHINGTON, DC—New findings by the Employee Benefit Research Institute (EBRI) show that both employers and workers say they are not very knowledgeable about health reform, but that employers say they are likely to pass along any health benefit cost increases to workers—and, mostly, workers are expecting such cost increases.

Specifically, more than 40 percent of employers say they are likely to pass along cost increases to workers, and about half of workers expect their health benefit costs to go up whether directly or indirectly related to the Patient Protection and Affordable Care Act of 2010 (PPACA), the EBRI report finds. But a majority of both employers and workers indicate they are not very knowledgeable about the new law.

“This new legislation brings a degree of uncertainty to both employers and workers about their health plans,” said Paul Fronstin, director of EBRI’s Health Research and Education Program and author of the report. “For employers, it is how their plans will be administered; for workers, it is how much of the costs will be passed on to them.”

The findings come from the 2010 EBRI/MGA Consumer Engagement in Health Care Survey (CEHCS), with additional data from the 2010 SHRM Organizations’ Response to Health Care Reform poll (by the Society for Human Resource Management), and are published in the January *EBRI Notes*, online at www.ebri.org

Among the key findings from the CEHCS:

- **Low knowledge of health reform:** Both individuals and employers admit that they are not very knowledgeable about health reform. Two percent of adults with private insurance report that they are extremely knowledgeable about the legislation, and only 7 percent report that they are very knowledgeable. Most report that they are somewhat knowledgeable (35 percent) or not very knowledgeable (37 percent). Nearly 1 in 5 (18 percent) report that they are not at all knowledgeable about the health reform law. When employers were asked if they were comfortable with what they knew about the law, 45 percent agreed that they were comfortable, 41 percent disagreed, and 11 percent strongly disagreed.
- **Impact on health care costs:** About one-half of individuals expect their health care costs to increase as a result of the health reform law, the CEHCS found. Similarly, many employers expect to pass along any increases in costs, whether directly or indirectly related to health reform:

Slightly more than 40 percent of employers report that they are likely to pass along cost increases, and another 23 percent are highly likely to pass the cost increases along to workers. Few are unlikely (10 percent) or highly unlikely (2 percent) to pass along cost increases. Almost one-quarter (23 percent) were unsure at the time of the survey whether cost increases would be passed along to workers.

- **Cost decreases:** The CEHCS also found that employers are more likely to pass along cost increases than cost decreases. While 41 percent were likely to pass along cost increases, only 30 percent were likely to pass along any cost decreases that were directly or indirectly related to health reform. And while 23 percent were highly likely to pass along cost increases, only 10 percent were highly likely to pass along cost decreases.
- **Continuation of health benefits:** The report also found that 31 percent workers with private insurance expect their health care coverage to decline and 34 percent expect their benefits to be unchanged. And as for the future of employment-based health coverage, 32 percent of workers think their employer is likely to continue offering health benefits after 2014, and another 23 percent think their employer is very likely to continue offering employment-based health plans. However, very few employers have decided to drop health care coverage: Less than 1 percent have conducted an analysis and decided to drop coverage, and less than 1 percent have decided to drop coverage without conducting an analysis, according to the report.

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