

**EBRI Databook on Employee Benefits**  
**Chapter 34:**  
**Employer Spending on Health Insurance**

EBRI maintains the following tables:

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Table 34.1  
**Employer Spending for Health Insurance**

*Total Employer Outlays for Group Health Insurance and Federal Hospital Insurance, and Employer Health Spending as a Percentage of Total Compensation and of Gross Domestic Product (GDP), 1948-2009*

Year	Employer Spending on Private Health Insurance (\$ billions)	Employer Spending on Federal Hospital Insurance (\$ billions)	Health Care as a Percentage of Total Compensation (percentage)	Health Care as a Percentage of GDP (percentage)
1948	\$ 0.4	\$ 0.0	0.3%	0.2%
1949	0.6	0.0	0.4	0.2
1950	0.7	0.0	0.5	0.3
1951	1.0	0.0	0.5	0.3
1952	1.1	0.0	0.6	0.3
1953	1.3	0.0	0.6	0.4
1954	1.5	0.0	0.7	0.4
1955	1.7	0.0	0.8	0.5
1956	2.1	0.0	0.8	0.5
1957	2.4	0.0	0.9	0.6
1958	2.7	0.0	1.0	0.6
1959	3.0	0.0	1.1	0.6
1960	3.4	0.0	1.1	0.6
1961	3.7	0.0	1.2	0.7
1962	4.2	0.0	1.3	0.7
1963	4.6	0.0	1.3	0.7
1964	5.2	0.0	1.4	0.8
1965	5.9	0.0	1.5	0.8
1966	6.4	1.0	1.7	0.9
1967	6.9	1.5	1.8	1.0
1968	8.4	2.1	2.0	1.2
1969	9.9	2.3	2.1	1.2
1970	12.1	2.3	2.3	1.4
1971	13.7	2.4	2.4	1.4
1972	16.2	2.7	2.6	1.5
1973	18.3	5.3	2.9	1.7
1974	21.1	5.4	3.0	1.8
1975	25.5	5.6	3.3	1.9
1976	32.0	6.2	3.6	2.1
1977	38.8	6.9	3.9	2.2
1978	46.0	8.6	4.1	2.4
1979	52.6	10.5	4.2	2.5
1980	61.0	11.6	4.4	2.6
1981	71.7	15.9	4.8	2.8
1982	82.6	16.8	5.2	3.1
1983	91.5	18.7	5.4	3.1
1984	100.3	20.6	5.4	3.1
1985	110.0	22.7	5.5	3.1
1986	117.4	26.1	5.6	3.2

1987	126.2	27.7	5.6	3.2
1988	142.3	29.5	5.8	3.4
1989	158.6	31.6	6.0	3.5
1990	176.9	33.5	6.3	3.6
1991	192.8	36.8	6.7	3.8
1992	215.7	38.6	7.0	4.0
1993	234.3	40.2	7.2	4.1
1994	246.0	44.6	7.3	4.1
1995	242.8	47.4	6.9	3.9
1996	245.4	50.3	6.7	3.8
1997	248.7	54.1	6.5	3.6
1998	268.8	58.5	6.5	3.7
1999	300.2	62.5	6.8	3.9
2000	336.1	67.5	7.0	4.1
2001	365.5	69.1	7.3	4.2
2002	392.1	69.3	7.6	4.3
2003	430.7	71.1	7.9	4.5
2004	463.9	74.9	8.0	4.5
2005	498.5	79.0	8.2	4.6
2006	507.8	84.0	7.9	4.4
2007	527.2	88.8	7.8	4.4
2008	546.8	90.5	7.9	4.4
2009	558.9	86.2	8.3	4.6

Source: EBRI tabulations of data from U.S. Department of Commerce, Bureau of Economic Analysis. [National Income and Product Accounts of the United States](#).

Note: See Appendix D for a technical explanation of this source.

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Table 34.2

**Employer Spending as a Percentage of Profits**

*Private Industry Employer Spending on Health Care, Health Insurance Premiums, Wages and Salaries, and Total Compensation in Dollars and as a Percentage of Corporate After-Tax Profits, Selected Years 1960-2009*

Year	Corporate Profits (after tax) \$ billions	Employer Spending on Health Care <sup>a</sup>		Employer Spending on Health Insurance Premiums		Employer Spending on Wages and Salaries		Employer Spending on Total Compensation	
		\$ billions	Percentage of corporate after-tax profits	\$ billions	Percentage of corporate after-tax profits	\$ billions	Percentage of corporate after-tax profits	\$ billions	Percentage of corporate after-tax profits
1960	\$ 28.8	\$ 3.4	11.8%	\$ 3.4	11.8%	\$ 223.8	775.9%	\$ 243.0	842.4%
1965	49.1	4.9	10.0	4.9	10.0	293.8	598.6	322.6	657.2
1970	46.2	11.8	25.5	9.7	21.0	434.3	939.3	485.0	1,049.0
1975	93.9	24.7	26.3	19.7	21.0	638.6	680.2	737.4	785.3
1980	166.4	59.9	36.0	49.4	29.7	1,112.1	668.5	1,316.4	791.3
1981	159.4	70.7	44.4	56.4	35.4	1,225.7	768.9	1,454.0	912.2
1982	132.1	78.6	59.5	63.6	48.2	1,280.2	969.0	1,524.3	1,153.8
1983	153.4	84.2	54.9	68.3	44.6	1,352.8	882.2	1,614.5	1,052.8
1984	171.1	91.1	53.3	72.8	42.6	1,497.0	875.0	1,785.9	1,043.9
1985	158.1	99.4	62.9	79.1	50.1	1,608.9	1,017.9	1,914.8	1,211.5
1986	136.3	107.8	79.1	84.5	62.0	1,706.9	1,252.4	2,033.2	1,491.9
1987	192.7	108.8	56.6	84.2	43.7	1,834.5	952.2	2,178.6	1,130.8
1988	248.3	123.4	49.7	97.2	39.1	1,988.6	800.9	2,358.7	950.0
1989	244.4	141.5	57.9	113.5	46.4	2,103.7	860.6	2,498.2	1,022.3
1990	266.3	159.1	59.8	129.7	48.7	2,224.5	835.4	2,645.3	993.5
1991	286.8	171.1	59.7	138.4	48.3	2,268.5	791.0	2,716.4	947.1
1992	325.7	184.4	56.6	150.0	46.1	2,388.7	733.4	2,875.4	882.8
1993	348.0	195.5	56.2	159.7	45.9	2,497.3	717.7	3,016.7	866.9
1994	405.9	206.7	50.9	166.2	40.9	2,643.0	651.2	3,191.7	786.3
1995	466.5	219.3	47.0	176.2	37.8	2,809.5	602.3	3,366.7	721.8
1996	509.3	235.4	46.2	189.6	37.2	2,976.1	584.4	3,537.1	694.5
1997	556.3	243.2	43.7	193.7	34.8	3,206.2	576.3	3,783.1	680.0
1998	474.5	263.3	55.5	209.5	44.1	3,484.2	734.3	4,109.1	865.9
1999	521.7	288.4	55.3	230.8	44.2	3,736.7	716.2	4,394.5	842.3
2000	507.4	316.4	62.4	254.1	50.1	4,055.7	798.7	4,773.3	940.8
2001	509.4	338.1	66.4	274.8	53.9	4,135.5	811.8	4,905.2	962.9

2002	573.0	362.6	63.3	299.6	52.3	4,129.8	720.7	4,966.0	866.6
2003	659.7	390.4	59.2	325.8	49.4	4,247.0	643.8	5,162.4	782.5
2004	923.3	413.7	44.8	345.1	37.4	4,464.0	483.5	5,408.4	585.8
2005	1,277.8	439.9	35.8	367.3	29.9	4,720.9	384.5	5,715.6	465.5
2006	1,349.5	453.6	33.6	376.3	27.9	5,041.6	373.6	6,063.4	449.3
2007	1,292.9	472.3	36.5	390.6	30.2	5,333.5	412.5	6,366.3	492.4
2008	1,024.8	478.6	46.7	395.9	38.6	5,417.4	528.6	6,488.3	633.1
2009	1,061.8	475.2	44.8	397.5	37.4	5,113.4	481.6	6,186.3	582.6

Source: U.S. Department of Commerce, Bureau of Economic Analysis, [National Income and Product Accounts of the United States](#).

Cathy A. Cowan, et al., 'Business, Households, and Government: Health Spending, 1994,' *Health Care Financing Review* (Summer 1996); Cathy A. Cowan and Micah B. Hartman, "[Financing Health Care: Businesses, Households, and Governments: 1987-2003](#)", *Health Care Financing Review* (July 2005); [selected web updates](#); U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, [National Health Expenditures](#)

Note: See Appendix D for a technical explanation of these sources.

<sup>a</sup>Includes contributions to health insurance premiums, contributions to Medicare Hospital Insurance trust fund, workers' compensation and temporary disability insurance, and industrial in-plant health services.

Data for the following two tables are available in the Kaiser Family Foundation/Health Education and Research Trust survey of employer-sponsored health benefits:

- Table 34.3 Average Health Insurance Costs
- Table 34.4 Average Group Health Premium
- Chart 34.2 Percentage Change in Employer Health Care Costs

Obtain a copy of the [survey](#).

Data for Chart 34.1, Private Business' Share of Expenditures on Health Services and Supplies, U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS). The data are available at [National Health Expenditures](#)

## **Other EBRI Research on Employer Spending on Health Benefits – Updated July 2009**

### **► Health Care Reform**

What are some of the issues to consider if an insurance exchange using managed competition has the ability to reduce costs, improve quality, and expand access?

See pages 6 – 11 in the [June 2009 Issue Brief](#) "[Addressing Health Care Market Reform Through an Insurance Exchange: Essential Policy Components, the Public Plan Option, and Other Issues to Consider](#)"

What are some of the reform proposals that use a health insurance exchange option?

See pages 13 - 16 in the [June 2009 Issue Brief](#) "[Addressing Health Care Market Reform Through an Insurance Exchange: Essential Policy Components, the Public Plan Option, and Other Issues to Consider](#)"

What are some of the implications for employment-based plans from a health insurance exchange?

See pages 16 - 19 in the [June 2009 Issue Brief](#) "[Addressing Health Care Market Reform Through an Insurance Exchange: Essential Policy Components, the Public Plan Option, and Other Issues to Consider](#)"

What level of support do Americans give for various options to expand health insurance coverage, 2009?

See figure 3 on page 7 in the [July 2009 Issue Brief](#) "[The 2009 Health Confidence Survey: Public Opinion on Health Reform Varies; Strong Support for Insurance Market Reform and Public Plan Option, Mixed Response to Tax Cap](#)"

How confident are Americans in various aspects of today's health care system, 2002-2009?

See figure 12 on page 14 in the [July 2009 Issue Brief](#) "[The 2009 Health Confidence Survey: Public Opinion on Health Reform Varies; Strong Support for Insurance Market Reform and Public Plan Option, Mixed Response to Tax Cap](#)"

How confident are Americans in various aspects of the health care system: today, during the next ten years, and once eligible for Medicare, 2009?

See figure 13 on page 14 in the [July 2009 Issue Brief](#) “[The 2009 Health Confidence Survey: Public Opinion on Health Reform Varies; Strong Support for Insurance Market Reform and Public Plan Option, Mixed Response to Tax Cap](#)”

#### ► **Tax Treatment of Health Insurance**

For a discussion of the implications for employers of a tax cap on the exclusion for health insurance, see pages 6-9 of the [January 2009 Issue Brief](#), “[Capping the Tax Exclusion for Employment-Based Health Coverage: Implications for Employers and Workers](#).”

For a discussion of the implications for workers of a tax cap on the exclusion for health insurance, see pages 9-13 of the [January 2009 Issue Brief](#), “[Capping the Tax Exclusion for Employment-Based Health Coverage: Implications for Employers and Workers](#).”

For a discussion of the implications for retirees of a tax cap on the exclusion for health insurance, see page 13 of the [January 2009 Issue Brief](#), “[Capping the Tax Exclusion for Employment-Based Health Coverage: Implications for Employers and Workers](#).”

What is the reaction of individuals with employment-based health insurance to the \$5,000 cap on the tax exclusion of employment-based health insurance, 2009?

See figure 4 on page 8 in the [July 2009 Issue Brief](#) “[The 2009 Health Confidence Survey: Public Opinion on Health Reform Varies; Strong Support for Insurance Market Reform and Public Plan Option, Mixed Response to Tax Cap](#)”

How is employment-based health insurance currently (as of 2006) treated in the tax code?

See text on page 6 of the [June 2006 Issue Brief](#) “[The Tax Treatment of Health Insurance and Employment-Based Health Benefits](#)”

Is the current tax treatment of health insurance progressive or regressive?

See text on pages 6-7 and figures 1-3 on pages 8-9 of the [June 2006 Issue Brief](#) “[The Tax Treatment of Health Insurance and Employment-Based Health Benefits](#)”

How knowledgeable are small employers of the tax treatment of employment-based health insurance?

See figure 4 on page 9 of the [June 2006 Issue Brief](#) “[The Tax Treatment of Health Insurance and Employment-Based Health Benefits](#)”

How knowledgeable are individuals of the tax treatment of health benefits and out-of-pocket expenses?

See figure 5 on page 11 of the [June 2006 Issue Brief](#) “[The Tax Treatment of Health Insurance and Employment-Based Health Benefits](#)”

#### ► **Proposals to Reform the Tax Treatment of Health Insurance**

Below is a listing of 2006 proposals for reforming the tax treatment of health insurance. All are in the [June 2006 Issue Brief](#) “[The Tax Treatment of Health Insurance and Employment-Based Health Benefits](#)”

- Capping the exclusion of health benefits from employee income from the November 2005 President’s Advisory Panel on Federal Tax Reform. See text on pages 13, 15, and 18.
- Capping individual deduction for health insurance from the November 2005 President’s Advisory Panel on Federal Tax Reform. See text on pages 18, 21, and 22.
- Health savings account (HSA) expansion and tax credits from the Bush Administration Proposal. See text on pages 22-23.
- Full deductibility of health care expenses from income from Cogan, Hubbard, and Kessler, *Health, Wealthy, and Wise: Five Steps to a Better Health Care System* The Hoover Institution. See text on pages 23-24.

- Reduce or eliminate business tax deduction. See text on pages 24-25.