

# Affordable Care Act unlikely to push employers to drop health insurance coverage

October 15 2013

---

In the race for the best workers, small firms have always been at a bit of a competitive disadvantage when it comes to benefits they can offer.

The Affordable Care Act is expected to change that, said Helen Levy, a research associate professor with the University of Michigan's Institute for Social Research, Ford School of Public Policy and School of Public Health.

"That's going to be less of an issue now that workers will have the option of getting coverage from someone other than an employer," Levy said. "And we expect that to improve the quality of the worker job matches that are seen in the labor market, and that is good for everyone."

There's also been a lot of concern about whether employers are going to drop [health insurance](#) coverage. Most of the research on this question suggests that's not really a major cause for concern, she said.

"Now we may see less coverage from employers for part-time workers, and they will be going to the exchanges," she said. "But in many cases, that is going to be a better deal for them because they can get access to a tax credit in the exchange that they wouldn't have been able to access if they continued to have employer-sponsored coverage."

By 2018, when the Affordable Care Act's health insurance exchanges are fully up and running, an estimated 20 million people who purchase [private health insurance](#) through an exchange will receive a premium [tax](#)

[credit](#), costing the Treasury around \$92 billion that year, Levy said.

That's in comparison to the \$260 billion annual cost to the federal government of not collecting income tax on health insurance provided as a fringe benefit of employment. That makes up the bulk of private health insurance in the U.S. and covers roughly 170 million [workers](#) and dependents.

"Five years from now we are going have a functioning health insurance exchange system," Levy said. "I think it is going to be a valuable option for people and I think we are going to say, 'I can't believe it was ever not this way.'"

Provided by University of Michigan

Citation: Affordable Care Act unlikely to push employers to drop health insurance coverage (2013, October 15) retrieved 18 April 2024 from <https://medicalxpress.com/news/2013-10-employers-health-coverage.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.