

# Employer-based health coverage likely to stay awhile

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In this Tuesday, July 25, 2017, photo, Walt Rowen poses for a photo at his decorative glass company, the Susquehanna Glass Co., in Columbia, Pa. With premiums on the federal health insurance exchange rising, Rowen began offering employer-provided group health insurance to his employees. If you are like roughly half of Americans who get their health insurance through an employer, relax. The turmoil around "Obamacare" all but guarantees you'll still be able to do that. (AP Photo/Michael Rubinkam)

Get your insurance through your employer? The ongoing political

turmoil around "Obamacare" all but guarantees you'll still be able to do that.

Ask Walt Rowen, whose business is etching glass but whose experience managing century-old, family-owned Susquehanna Glass makes him something of an expert on health care. He's provided coverage to employees, then canceled it, steering them to the health insurance exchange. But with those premiums rising, Rowen this year is again covering his 70 or so workers under the umbrella of employer-sponsored health insurance.

Employer-provided health insurance is so ingrained in the American workplace that people expect it to continue even as politicians thrash out the role of government in health care. That's according to polling, business owners and consumers. And in a nearly saturated labor market, employers don't want to give workers a reason to work somewhere else.

"I think a company—any size company—would be incredibly afraid to just cancel its insurance policy and say the hell with it," says Rowen, whose company is located in Columbia, Pennsylvania. He said that could result in employees fleeing, especially in states where the Affordable Care Act insurance markets are weak.

With the GOP crusade to repeal and replace "Obamacare" failing, the federal mandates that people have insurance and that employers with more than 50 workers provide it seem likely to stay in place in the foreseeable future. The Trump administration on Tuesday pledged to keep working with Congress on a rewrite. "Obamacare's mandates saddled many with health care costs they simply couldn't afford," said White House spokeswoman Sarah Huckabee Sanders.

For now, the Trump administration is considering whether or not to continue paying the law's cost-sharing subsidies, which have helped

lower premiums. Without those subsidies, it's estimated that premiums will rise and insurers will leave markets.

The ACA requires companies with 50 or more full-time employees to provide insurance to employees and their dependents. The Kaiser Family Foundation says nearly 96 percent of companies of that size already were offering coverage before the law took effect in 2014. Nearly 35 percent of companies with fewer than 50 workers also were offering insurance.

Removing the employer mandate wouldn't sit well with a wide swath of the American public.

A poll by The Associated Press-NORC Center for Public Affairs Research says 61 percent oppose revoking the requirement, including 58 percent of Republicans.

Workers have been getting their health insurance through their employers for decades, since the U.S. government exempted employer-paid health benefits from wage controls and income tax during World War II.

Nearly 90 percent of workers are in companies that provide health benefits, according to the Kaiser Family Foundation/HRET annual survey in 2016. Taking into account dependents, roughly half of Americans are covered by employer-based insurance.

Large companies "need to attract and retain employees and they'd be at a competitive disadvantage if they stopped offering health benefits," said William Kramer, executive director for national health policy for the Pacific Business Group on Health.

As a result, human resource consultants say it's likely that businesses will

remain committed to offering coverage. Some experts question whether the ACA's employer mandate makes much, if any, difference when there's a solid business case for providing health care: With unemployment low and the labor market tight, benefits give employers an advantage in recruiting and retaining the best workers.

"What kind of message are you giving to employees if you say, 'I'm going to take this away?' Are you really willing to risk losing people?" asks David Lewis, CEO of OperationsInc, based in Norwalk, Connecticut.

Even if the employer mandate had been repealed, the Congressional Budget Office estimated that larger companies would have been hard-pressed to cancel their health benefits, although some smaller firms would have done so.

"As soon as you take it back, you cause massive employee dissatisfaction," said Jay Starkman, CEO of Engage PEO, a human resources provider whose clients include many small and mid-sized businesses.

Rowen, the glass business owner, says his health insurance decisions had less to do with the employer mandate than with cost and employee retention.

In the four years before the ACA took effect, Susquehanna Glass had fewer than 50 employees and saw its premiums rise between 15 percent and 20 percent a year. "We were fiddling all the time trying to keep our health care costs for our employees as affordable as possible," Rowen recalls.

He hired an expert to help his employees find insurance on the exchange in Pennsylvania. Lower-paid employees qualified for subsidies, while

higher-paid workers could afford plans or went on their spouses' plans, he said. In some cases, Rowen gave bonuses or raises to help workers afford insurance.

He says he owed a penalty of about \$40,000 for not providing insurance—less than the six figures he thinks he would have paid to provide group insurance.

But by 2016, he said, his workers were complaining that their premiums were increasing. Susquehanna Glass by that time had grown to about 70 employees—enough to qualify for less-expensive group plans joined by medium-sized businesses. Many of his new employees were younger and less expensive to insure. He found that purchasing group health insurance would cost just over \$100,000—not as much as he'd feared.

"If they were not able to get an affordable one with me and they found another company that does offer one," he says, "They might be forced to make the decision to leave me."

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