

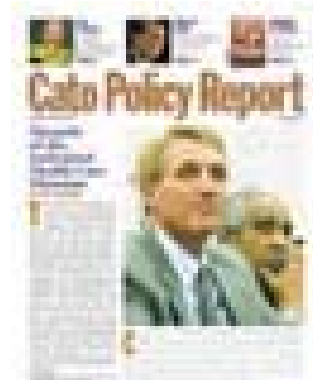
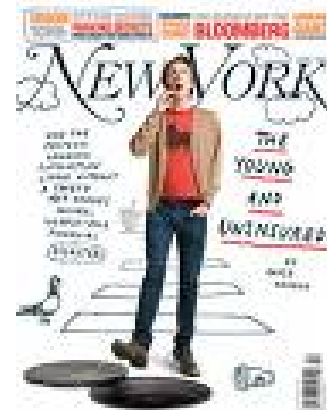
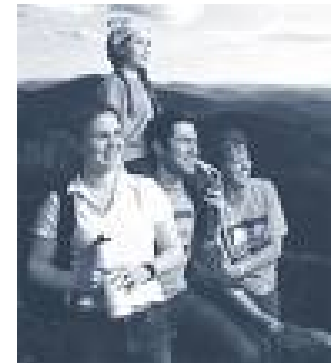
Employer-Sponsored Coverage

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ESI

- Private Insurance in the USA = ESI
- Among the privately insured under 65 in the United States, over 90% hold coverage through a family member's employment
- More common than retirement, life, disability benefits

Policy Challenges to ESI



Status

“Employer-group health insurance will surely decline because so many are dissatisfied with it.”

Dr. Fisher



Health Care Reform

We endorse a Single-Payer Health Care System

Home
What is Single-Payer?
Upcoming Events - SICKC

Stop enough is enough!!

Employer-sponsored health insurance premiums increased an average of 11.2% in 2004. 100%



SinceSlicedBread.com

WHAT'S YOUR COMMON SENSE IDEA?

"The employer-based system of health coverage is over"

Posted by Terrance H. on July 18, 2006

Let's scrap employer-based health care



Robert Reich (Robert Reich)

General Motors just unloaded billions of dollars in health-care obligations. Commentator Robert Reich thinks G.M.'s a fine example for the rest of the country.

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A Quick, Partially Biblical History of Employer- Based Health Insurance

By Ezra Klein | bio



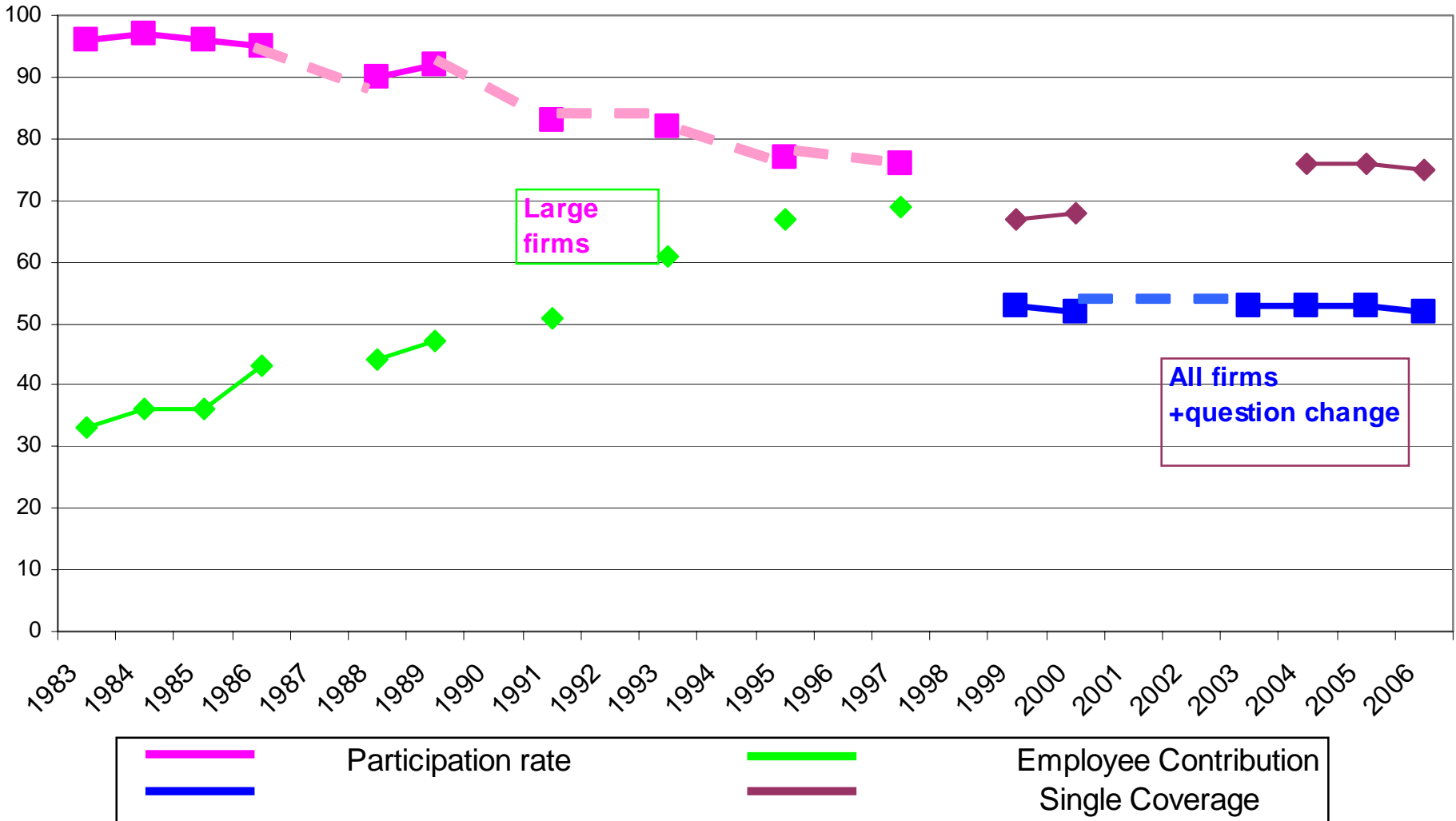
Nathan Newman accuses me of making a mantra of "Little is more anti-worker than forcing them to depend on their employer for medical care." Well, gotta admit, it's catchier than "Om." But he's for the employer mandate in a serious way, which I find so baffling

I need to keep reciting my mantra just to stay calm. So, herewith, a quick history of the foresight, vision, and planning that resulted in the glorious invention known as employer-based health care:

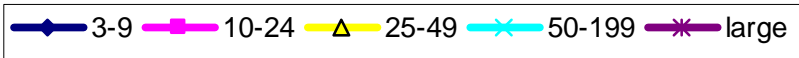
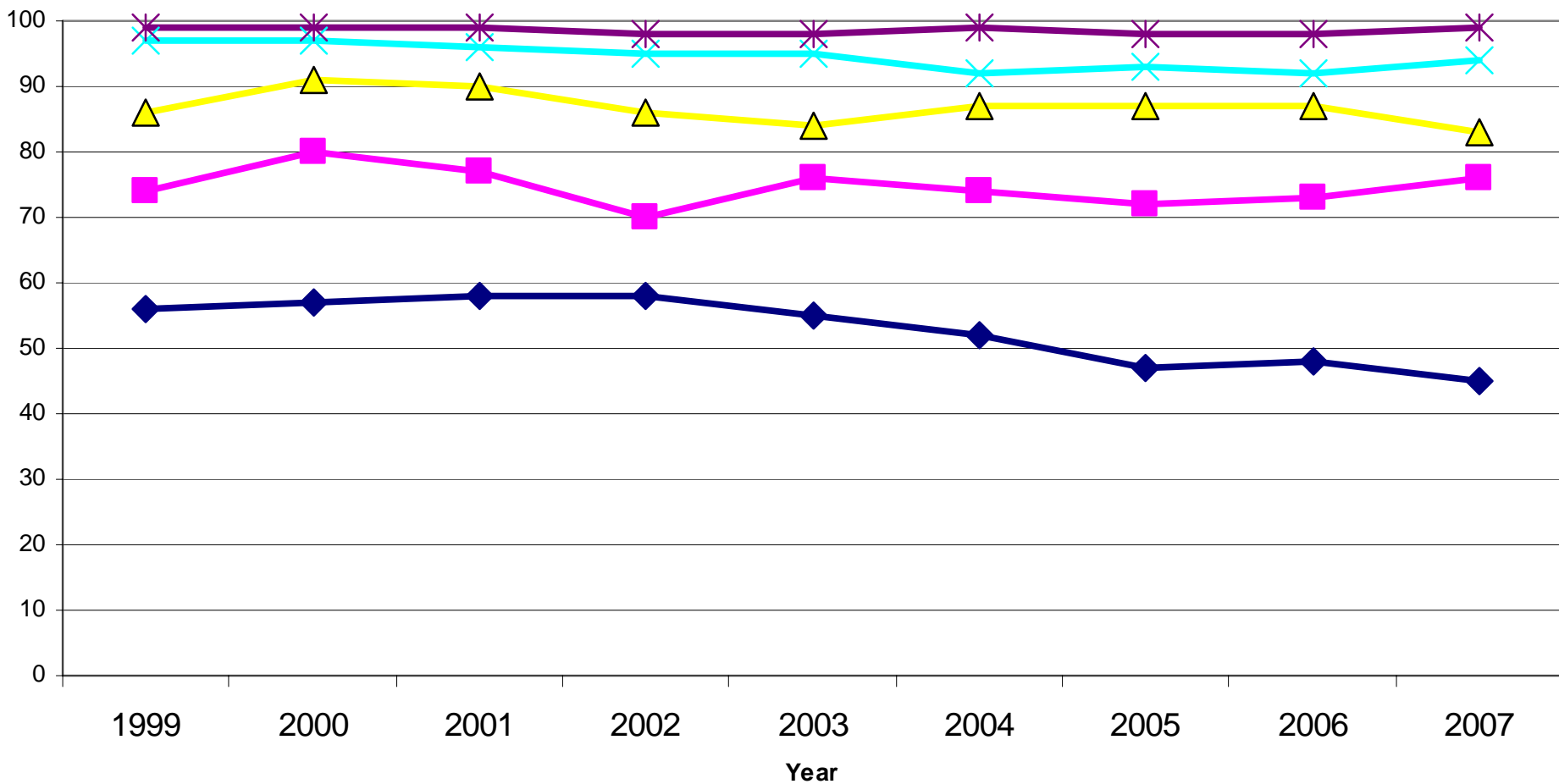


• *In the beginning, there was a tax quirk, and the tax quirk was with employers, and the employers provided health care:* Journey

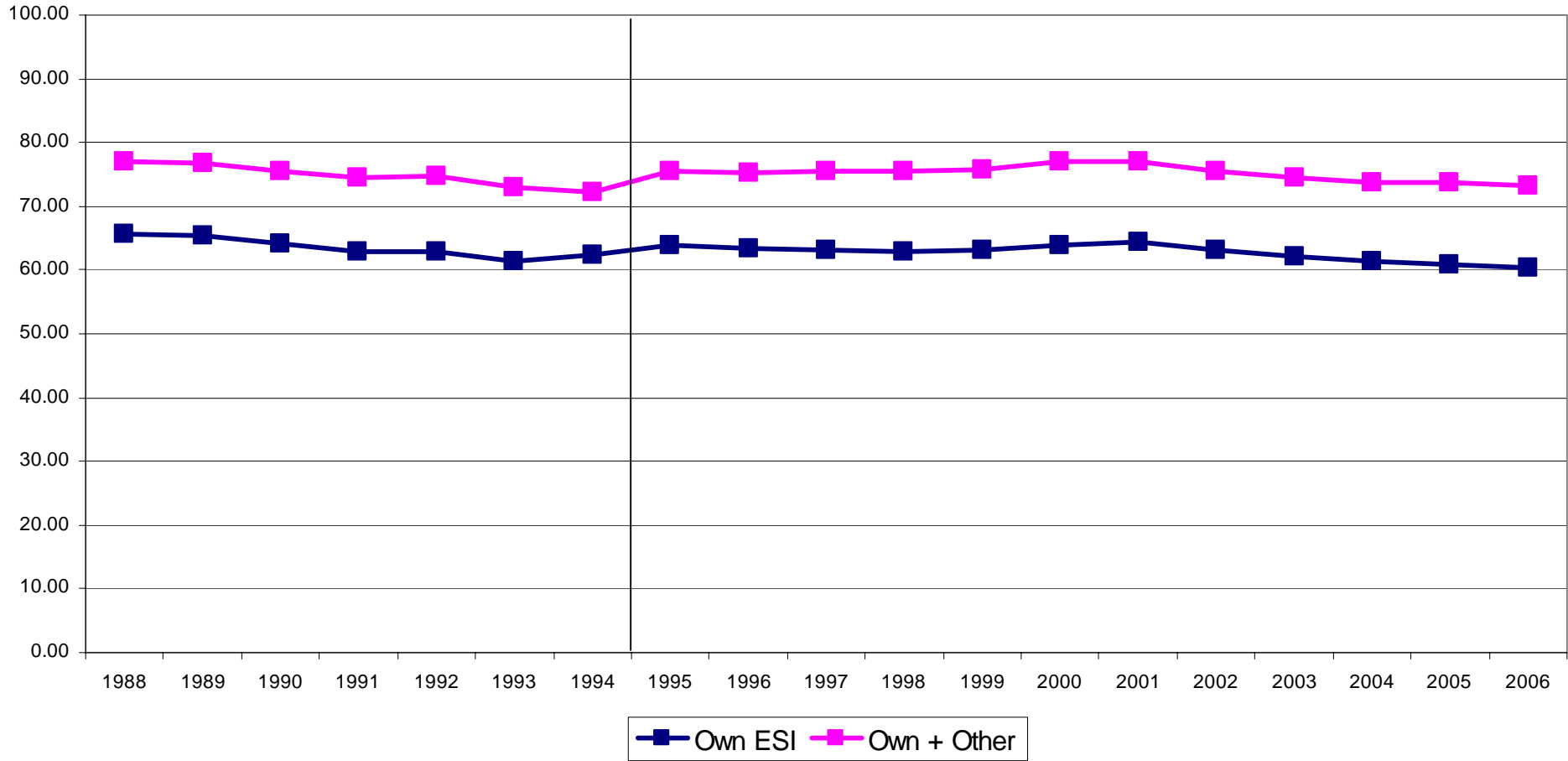
Percentage of Workers Participating in ESI Plans -- Bureau of Labor Statistics



Percentage of Firms Offering Health Benefits by Size - KFF/HRET



ESI Coverage of Full Time Workers (Own and Dependent)



Is the System Near Collapse?

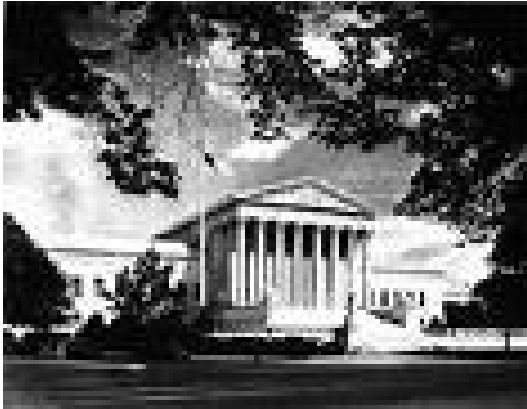
- Participation and offer are stable (except smallest firms) since mid-1990s
- ESI coverage for full-time workers down by 6 percentage points over 20 years
 - While inflation-adjusted health care costs rose 32%
- Child, part-time, and non-worker (spouse) coverage are MORE stable over this period

Why?

“The Accidental System”

- Wage and price controls during and after World War II
- Favorable tax treatment of health insurance codified in mid-1950s

World War II



- Price controls in Australia, Canada, France, Germany, Italy, New Zealand, United Kingdom, much of continental Europe ...

Favorable tax treatment for ESI (at least some of the time)

- Austria
- Belgium
- Canada
- Denmark
- France
- Germany
- Greece
- Italy
- United Kingdom (until 1997)

International Timeline of Universal Health Care

Germany	1883
Switzerland	1911
New Zealand	1938
Belgium	1945
France	1945
United Kingdom	1946
Sweden	1947
Greece	1961
Japan	1961
Canada	1966
Denmark	1973
Australia	1974
Italy	1978
Portugal	1979
Spain	1986
South Africa	1996

Too much and too little

- Pre-1945
 - Employers and BC/BS
- Impact of tax treatment in the U.S.
 - Limited to firms <25

Robust Employer Role

- Economies of scale
 - Size
 - Turnover
 - Sales costs
- Naturally occurring pools
 - Adverse selection
 - Long-term coverage (pooling today and tomorrow)
- Loading savings 40 vs. 10

Benefits?

- About 60% of ESI is virtually unregulated
 - Self-insured plans
- Willingness to negotiate aggressively with providers
- Variation in strategies
 - Flexibility
- Responsiveness to demand
 - Tight networks

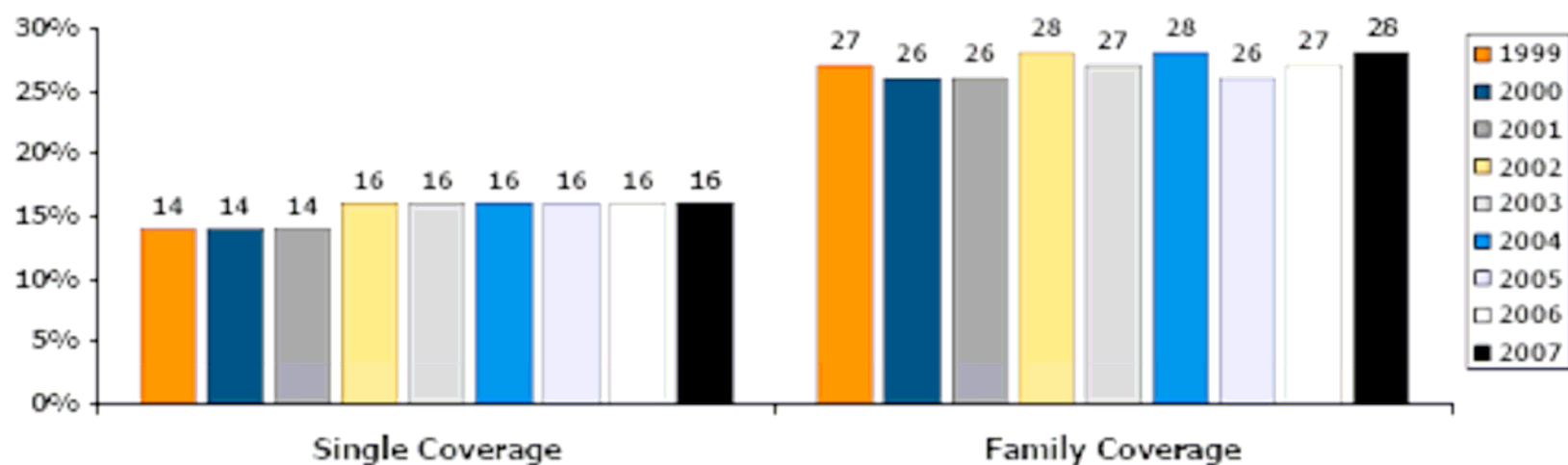
Where it Works

- Firms with 50+ employees
- Full-time, full-year employees
- Traditional families
- \$\$\$s
 - About 1/2 of all Americans under 65

Where it Doesn't Work

- Part-time, contract, contingent workers
- Workers with short spells of employment
- Small firms
- Firms with high turnover
- Non-traditional arrangements
- INCOME!

Exhibit 5: Percentage of Premium Paid by Covered Workers, 1999-2007*

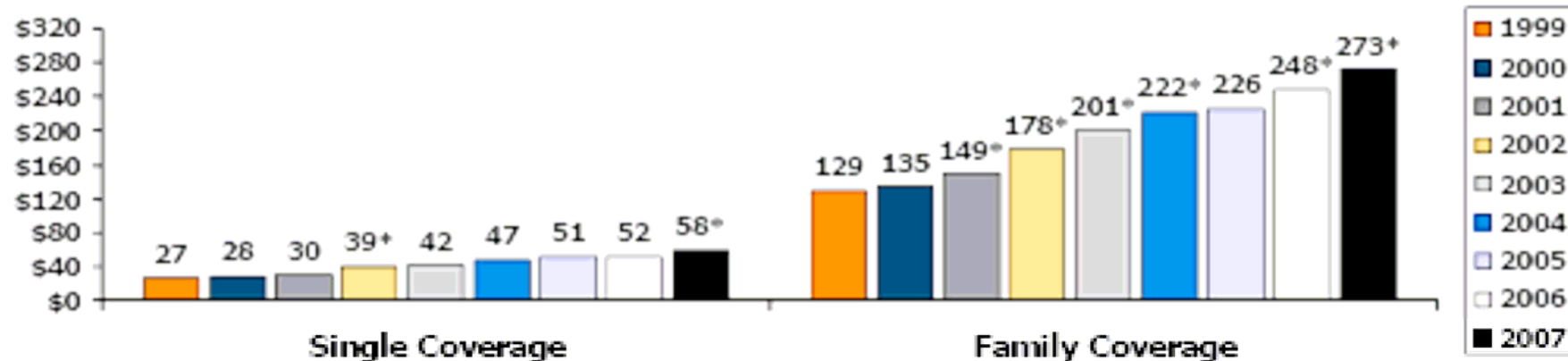


*Tests found no statistical differences from estimate for previous year shown at $p < .05$.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2007.



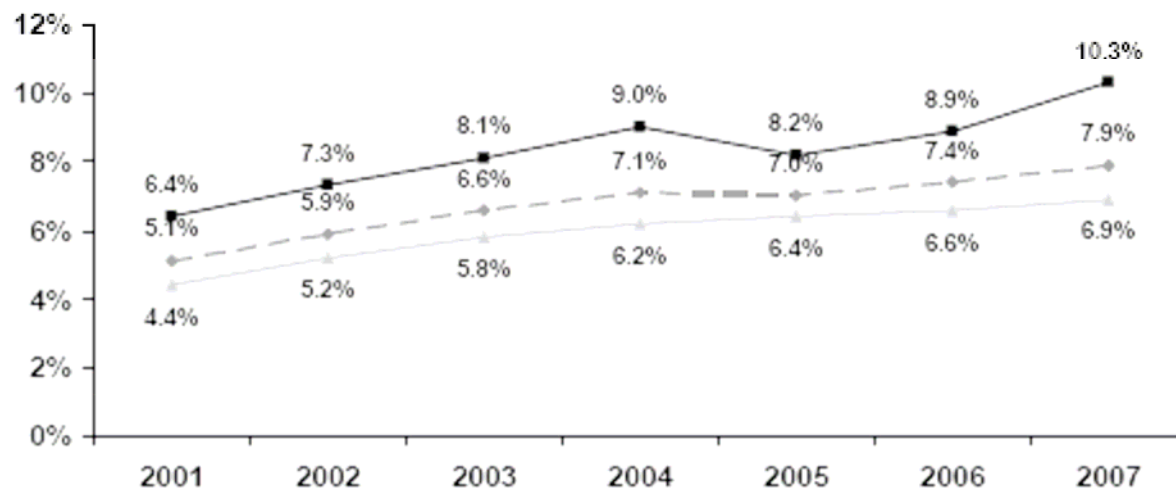
Exhibit 4: Average Monthly Worker Premium Contribution, 1999-2007



* Estimate is statistically different from the previous year shown at p < .05.

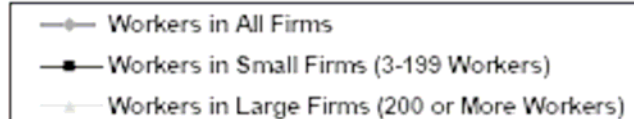
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2007.

Exhibit 15: Average Family Premium Contribution by Firm Size As Percent of Income at 200% FPL, 2001-2007

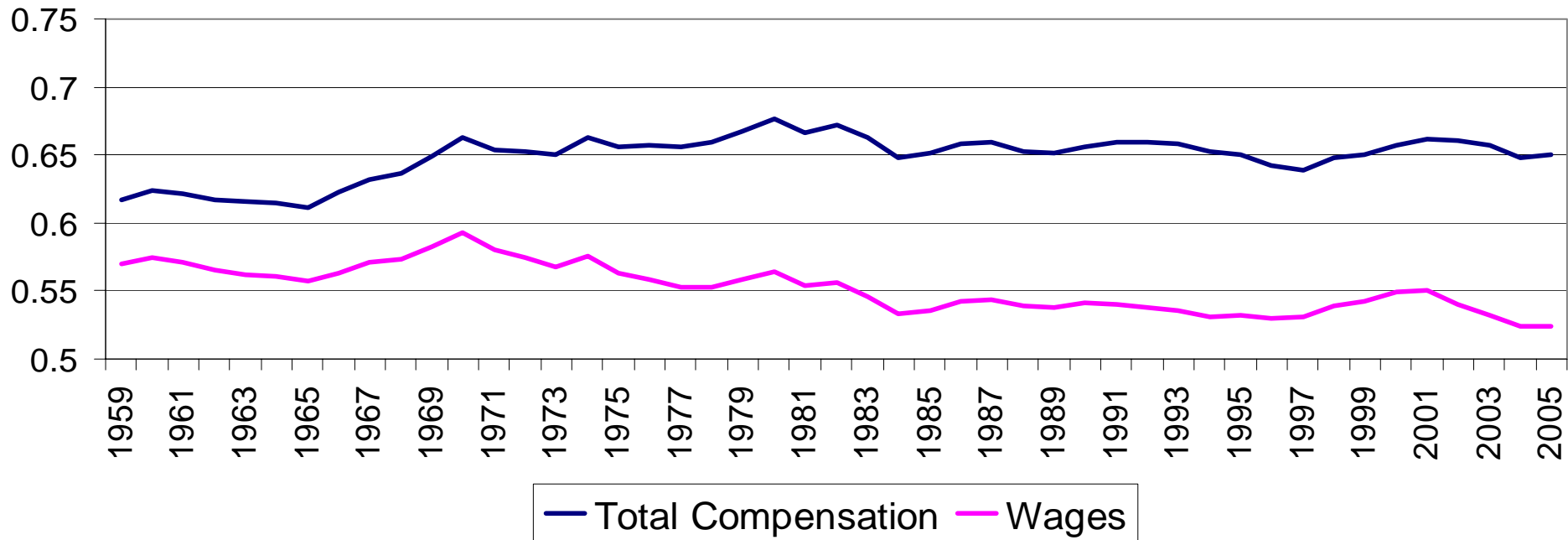


Note: 200% FPL was \$35,300 for a family of four in 2001. It is \$41,300 for a family of four in 2007.

Source: Kaiser calculations based on worker contributions to employer-sponsored health insurance premiums from Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2007 and Federal Poverty Guidelines from <http://aspe.hhs.gov/poverty/figures-fed-reg.shtml>



Wages and Total Compensation as Share of National Income

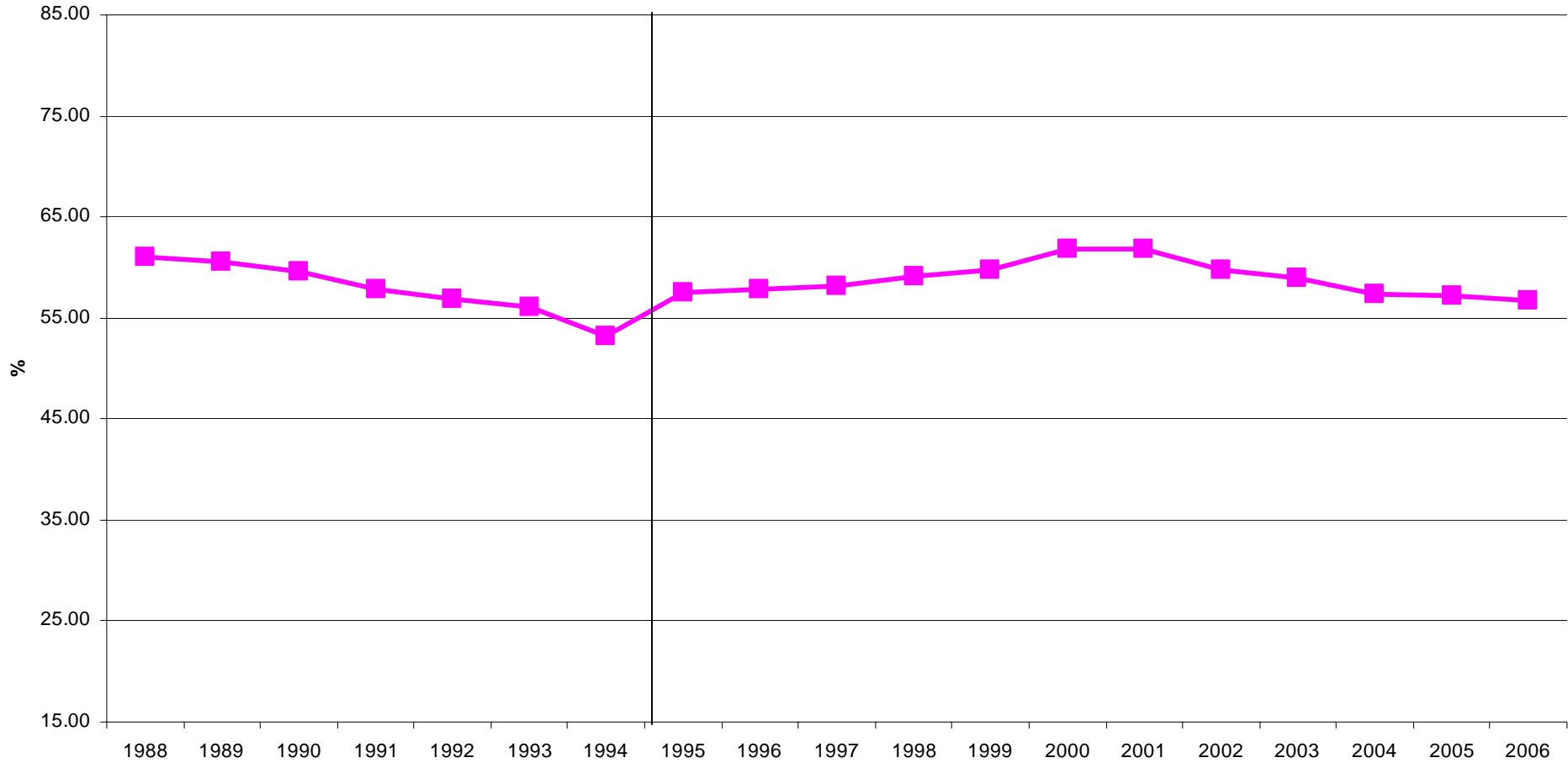


Conclusions

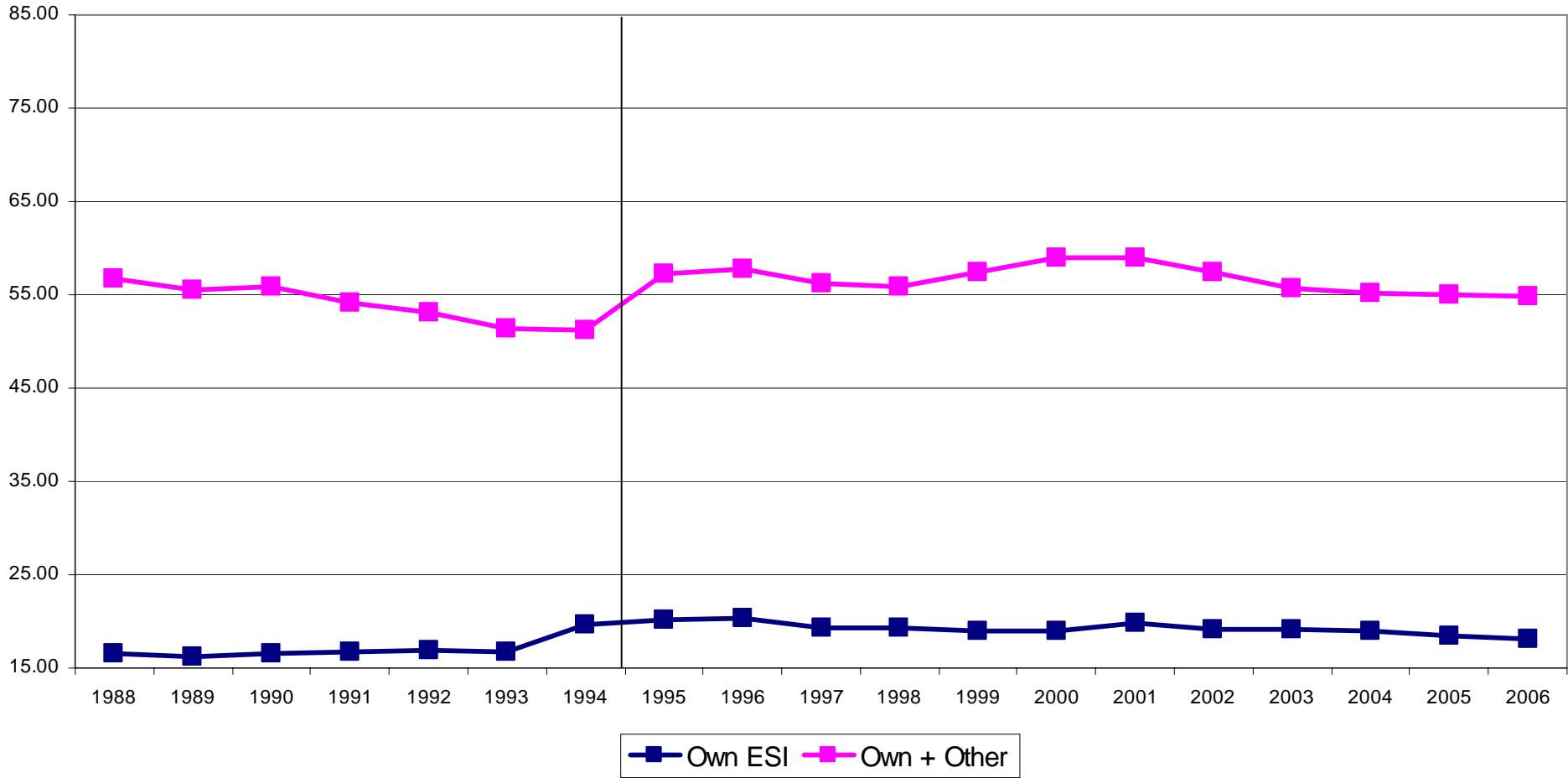
- ESI is not near collapse
- There is no private alternative
- ESI serves important functions in current system
 - Many universal HI systems retain a place for ESI (including Canada, France, UK)
- But ESI cannot address those who cannot afford coverage

Appendix slides

Employer Sponsored Coverage of Dependents <18



ESI Coverage of Part-Time Workers (Own and Dependent)



ESI Coverage of Non-Workers

