

## **For Immediate Release**

**Contact:**

**Betsy Jaffe**  
**Director, Marketing and Public Relations**  
**Employee Benefit Research Institute**  
[press-media@ebri.org](mailto:press-media@ebri.org)  
**202.775.6347**

### **EBRI Finds More Workers Eligible for Employment-Based Health Coverage Following Passage of Affordable Care Act, Despite Stagnant Employer Offer Rates**

**Washington, D.C. – July 25, 2019** — A new study from the Employee Benefit Research Institute finds the number of workers eligible to receive health coverage through their job rose from 2014 through 2018, despite offer rates slowly declining.

The *EBRI Issue Brief*, “More Workers Eligible for Health Coverage Despite Lack of Growth in Employer Offer Rates,” examines how the availability of employment-based health insurance has been changing and may have been affected by the Patient Protection and Affordable Care Act of 2010 (ACA) in addition to the Great Recession of 2007–2009 and the subsequent economic recovery.

“Despite the lack of an increase in offer rates, the percentage of workers eligible for health coverage through their job continued its upward trend,” said Paul Fronstin, director of the Health Research and Education Program, EBRI. “Between 2014 and 2018, the percentage of workers eligible for health coverage increased from 75.4 percent to 78 percent. We believe this increase is likely due to changes in the composition of the work force. We found a shift to full-time employment, fewer workers considered low-wage, and a shift to larger firms.”

The ACA requires employers with 50 or more employees to either offer health insurance coverage or pay a penalty. Employers with fewer than 50 employees are exempt from this provision. However, the law includes a number of provisions intended to make it easier for small employers to obtain coverage for their employees, including insurance market reforms, the Small Business Health Options Program (SHOP) or health insurance exchanges, and small employer tax credits. The ACA also requires that individuals have health insurance coverage or pay a penalty, though the Tax Cuts and Jobs Act of 2017 eliminated the financial penalty for not having health insurance starting in 2019.

The *Issue Brief* also explores the future implications of the Trump administration’s final rule to expand the use of stand-alone health reimbursement arrangements (HRAs) by employers of all sizes. HRAs are employer-owned and funded accounts that help employees pay for qualified medical expenses not covered by their health plans. Under the final rule, employers would be able to offer a stand-alone HRA that workers could then use to purchase health insurance in the non-group market. The HRA would have to be used to purchase ACA-compliant plans and would have to meet ACA affordability requirements in order for the employer to meet the shared responsibility requirement. The HRA would not be subject to ERISA if certain conditions were met and there is no limit to the amount of money that an employer can

contribute to an HRA. The administration expects around 800,000 employers will offer stand-alone HRAs by 2024 and beyond. As a result, some 10.7 million individuals would be covered by such an HRA by 2027 and 6.8 million fewer workers (and their dependents) would have traditional employment-based health coverage.

“Ultimately, employers may decide that they no longer need to offer health benefits to be competitive in the labor market during the next recession, and the combination of the insurance market reforms and the ability to give workers tax-free money to purchase health insurance on their own may finally put the future of employment-based health coverage to the test,” said Fronstin.

The study, “More Workers Eligible for Health Coverage Despite Lack of Growth in Employer Offer Rates,” is available at [www.ebri.org](http://www.ebri.org).

### **About EBRI**

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and financial security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, who include a broad range of public, private, for-profit and nonprofit organizations. For more information visit [www.ebri.org](http://www.ebri.org).