

Employers 'Unwavering' in Providing Group Health Benefits: Research

Large employers are unwavering in their plans to continue offering group health plans to their workers instead of funding individual reimbursement accounts that would allow them to shop for plans on government-run exchanges, according to new research.

The poll of 26 health benefits decision-makers at large firms, carried out by The Commonwealth Fund and the Employee Benefits Research Institute (EBRI), found that despite rising premium and health care costs, they felt obligated to offer health insurance instead of shunting employees to exchanges.

Employers since 2019 have been allowed to fund individual coverage health reimbursement accounts (IHRAs) with pre-tax dollars for their employees to satisfy the Affordable Care Act's employer mandate. Workers are required to use their ICHRA funds to purchase a plan on *healthcare.gov* or a state-run health insurance exchange.

However, large employers feel they can do a better job at providing their workers with coverage, according to the report.

"Most interviewees expressed a strong skepticism that their firms would drop health benefits or direct their workers toward marketplace exchanges," said Jake Spiegel, research associate of health and wealth benefits research at EBRI. "Broadly, companies continue to view their health benefits as a recruitment and retention tool, and cutting these benefits would hamper their efforts to cultivate a strong workforce."

The health benefits decision-makers at large firms told researchers that jettisoning their group health insurance benefits would make it more difficult to attract and retain talent. They said there were other benefits to providing group health coverage to their workers, including:

- They felt they could offer their workers a better deal than what was available to them on public exchanges. *"We liked to have control. We can do a better job with design than the exchanges."* — **Health care company benefits executive**
- They felt they simplified health insurance for their employees, who would possibly feel overwhelmed by all the choices on public exchanges. *"We don't want [workers] out shopping on their own, [exchange plans] aren't easy to understand."* — **Benefits executive at a financial services company**
- They viewed their companies as paternalistic, meaning they have a responsibility to also help their workers make better health insurance decisions. *"It would make workers feel like you were cutting and running."* — **Benefits executive at a manufacturing firm**
- They didn't want to be the first to jump out and completely disrupt their group health benefits offerings. *"A big part was trepidation. Nobody wanted to be first."* — **Benefits executive at an insurance company**

Some of the interviewees said that funding ICHRAs and sending their workers to ACA exchanges would rob the company of the opportunity to help workers manage expensive health conditions.

For example, under IRS rules, employers may cover some drugs and services on a pre-deductible basis for workers who are enrolled in high-deductible health plans with attached health savings accounts.

But likely the biggest reason for not taking the ICHRA leap is the effect on employee satisfaction. Executives told the researchers that their workers expect them to provide a "suitable menu of health benefits options" and that they trust that their employer has shopped around for the best deal that doesn't reduce quality.

Additionally, they felt that their workers would not be happy about being shunted to an exchange and having to take it on themselves to sift through the myriad of plans available to them at different cost and benefit structures.

"[Employees] don't really take the time or energy to really understand, and they don't want to. They trust us to make the decision for them," one benefits executive told the researchers.

The takeaway

While this survey was only of large employers, market indications are that most mid-sized and smaller firms have also been sticking to providing their employees with health insurance coverage.

Offering a comprehensive group health plan is still the best way to retain and attract talent while satisfying the employer mandate under the ACA. Even for employers not subject to the mandate, to be competitive in the job market, offering health insurance is still a priority.

Finally, treading into ICHRA territory requires foresight and planning, and companies have to prepare for possible blowback if the employees don't like the exchange experience or can't get the same coverage at the same out-of-pocket cost to them as they did before.

Doing it incorrectly, such as not funding the accounts with enough money, could open your organization up to fines.

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