
Will Obamacare Undermine Employer-Provided Health Insurance?

By Editorial Staff Mon, Sep 23, 2013

The projection by some that 43 million Americans could lose their employer-sponsored health insurance when the Affordable Care Act becomes law is not backed up by the evidence, according to health economists at the University of Michigan.

The American Action Forum has estimated that 43 million Americans could lose access to employer-sponsored health insurance after the Affordable Care Act, widely known as Obamacare, goes into effect on October 1.

But three health economists at the University of Michigan call that estimate much too high. According to their analysis, published in the September issue of *Health Affairs*, the net effect of the ACA on coverage will range from a 1.8-percentage point decline in coverage to a 2.9-percentage point increase.

Which estimate is correct? According to the Michigan analysts, the answer depends on whether low-income workers who currently have affordable workplace coverage will want to drop that coverage to qualify for the ACA's subsidized coverage for uninsured workers, and whether their employers will stop insuring them so they can do so.

The paper argues that there's no evidence that this will occur, in part because low-income workers are often or usually in the same health plan as higher-income workers. The authors cited several surveys of employers:

- In a 2013 survey, 98% of very large firms (those with more than 1,000 employees, which account for about half of the workforce) said that they expected health benefits to be an important component of compensation three to five years from now.
- A survey by the International Foundation of Employee Benefit Plans found that the share of employers reporting that they will definitely offer coverage in 2014 jumped from 46% percent to 69% over the past two years.
- In March 2013, 84% of employers reported that they were still studying the ACA. Only two-thirds of large employers said that they were "familiar" with the shared-responsibility penalty.
- Among firms with 50-100 employees, 71% reported that they would be more likely to participate in the SHOP exchanges if a large choice of plans were available at the employer's targeted benefit level.

The authors suggest in their conclusion that, in terms of health care economics, it doesn't matter whether people buy group health insurance through exchanges or through employers. They also say that the availability of non-employer sources of health insurance may reduce "job lock"—the tendency for people to remain in jobs purely for the health insurance benefit.