

LifeHealthPRO

Disruption forecast if changes are made in coverage tax breaks

By Allen Greenberg

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What if the [tax breaks for employer-sponsored health benefits](#) were to change? How would American workers feel about that?

As it turns out, 39 percent of those asked say they wouldn't change a thing, according to the 2013 Health and Voluntary Workplace Benefits Survey, a public opinion poll conducted by the Employment EBRI and Greenwald and Associates.

Of course, that means plenty of others would make some changes.

Indeed, 34 percent said they would want to switch to a less costly plan provided by their employer, 22 percent say they would want to shop for coverage directly from insurers, and 5 percent say they would drop coverage altogether.

In other words, there'd be plenty of disruption in the workplace and the market.

According to EBRI research, the tax preference associated with employment-based health coverage is the largest "tax expenditure" in the U.S. budget, accounting for \$1.1 trillion in foregone tax revenue between 2012-2016.

Workers who obtain health coverage through an employer pay no taxes on the employer's portion of the premium.

Libertarian think tanks such as the Cato Institute advocate elimination of the tax breaks on employer-provided health benefits.

The EBRI survey, meanwhile, found about one-third (35 percent) of workers prefer to continue getting coverage the way they do today, clearly signaling that people are ready for some change.

Nearly one-half (45 percent) said they prefer to choose their insurance plan, and one-fifth (21 percent) prefer their employer to give them the money and allow the workers to decide whether to purchase coverage at all, and how much to spend.

The bottom line, however, is that most workers are satisfied with the health benefits they have now and express little interest in changing the current mix of benefits and wages offered by their employers, the survey found.

And even though enactment of the Patient Protection and Affordable Care Act has raised questions about whether employers will continue to offer health coverage to their workers in the future, the importance of benefits in choosing a job — especially health insurance — remains high, EBRI said in a release.

“By far, health insurance in particular continues to be the most important employee benefit to workers,” said Paul Fronstin, director of EBRI’s Health Research and Education Program and author of the new report.

The full report, “Views on Employment-Based Health Benefits: Findings from the 2013 Health and Voluntary Workplace Benefits Survey,” can be found at www.ebri.org.