

# DON'T RAIN ON THE EMPLOYER-SPONSORED COVERAGE PARADE

The government excludes employer contributions to an employee's health insurance from the employee's income for tax purposes for both parties. This "employer exclusion" encourages businesses to offer health insurance and lowers the employee's taxable income.

Some in Congress want to cap the employer tax exclusion. That could harm millions of workers and their families by reducing their benefits and increasing their taxable income.



## WIDESPREAD COVERAGE

175 million Americans get health insurance through their employers.<sup>1</sup> People with employer-sponsored plans are more likely to maintain health coverage year after year.<sup>2</sup>

## HELPS MOST WORKERS

82 percent of workers are satisfied with their employer-sponsored health insurance.<sup>3</sup> Nearly half say they'd quit if their employer stopped offering benefits.<sup>4</sup>

## SHARED RISK, STABLE PREMIUMS

It's easy for employees and their families to sign up for coverage through work. So an employer's insurance pool contains people of all ages and health backgrounds. That spreads risk – and leads to lower, more stable premiums.

## LESS COVERAGE, LOWER PAY

Workers and employers would pay tax on health plans with premiums above a to-be-determined amount. Employers would respond by cutting benefits, to stay under the tax threshold. There's no guarantee that employers would increase salaries to replace lost benefits.

## HARMS MANY WORKERS

Because premiums are rising faster than inflation, more and more plans would exceed the tax threshold each year. Ordinary workers, not just those with generous plans, would pay higher taxes and suffer reduced benefits. As taxes mount, some employers may stop offering insurance altogether.

## HEIGHTENED RISK, HIGHER PREMIUMS

As more employers drop coverage, employees would have to buy insurance on their own. Older workers would see their premiums spike, since the risk of insuring them would no longer be spread across the entire workforce.

<sup>1</sup><https://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-253.pdf> table 1  
<sup>2</sup><http://newsmanager.commpartners.com/nahuw/issues/2016-04-15/index.html>

<sup>3</sup><https://www.accenture.com/us-en/insight-employer-beware-workers-demand-health-coverage>  
<sup>4</sup>[https://www.accenture.com/\\_acnmedia/Accenture/Conversion-Assets/DocCom/Documents/Global/PDF/Dualpub\\_18/Accenture-Chart-Employer-Beware-Impact.pdf#zoom=50](https://www.accenture.com/_acnmedia/Accenture/Conversion-Assets/DocCom/Documents/Global/PDF/Dualpub_18/Accenture-Chart-Employer-Beware-Impact.pdf#zoom=50)