



# The Challenge of Employer-Sponsored Health Coverage

September 2022

## Introduction

Is there an alternative to traditional group health insurance that works better for both employers and employees?

Most of us expect employers to offer health insurance benefits, and employers know that doing so helps them hire and retain the best workers. However, as this report shows, small businesses are struggling with the cost of coverage, and employees don't feel the health plan choices they're given align well with their needs.

No one seems satisfied.

This report presents findings from a September 2022 survey of 1,300 people, including more than 1,000 general population respondents and over 250 owners and managers of small to mid-sized businesses. Our survey explores the pain points in employer-sponsored coverage, but it may also suggest a way forward: few of the employers we surveyed are aware of group coverage alternatives like ICHRA (Individual Coverage Health Reimbursement Arrangements) that still meet the benefit requirements of the Affordable Care Act.

As employers feel the squeeze of increasing costs, ICHRA may prove especially attractive to smaller business owners who can't afford group coverage but who want to do something meaningful to help employees enroll in a health plan well suited to their personal coverage needs.

## Highlights

**The cost of group coverage is a struggle for employers:** 60% cite monthly costs as the single biggest challenge in offering health coverage for workers; 51% are struggling to afford it today.

**Employers want another way to support employee health:** 87% want to be able to help workers get insured without offering a group health plan; 64% are unaware of solutions like ICHRA that would allow them to do so.

**Employees want more and better coverage options:** About half (49%) say they were only given 1-2 plan options by their employers; 58% say their employer-sponsored plan options are not well aligned with their health care needs.

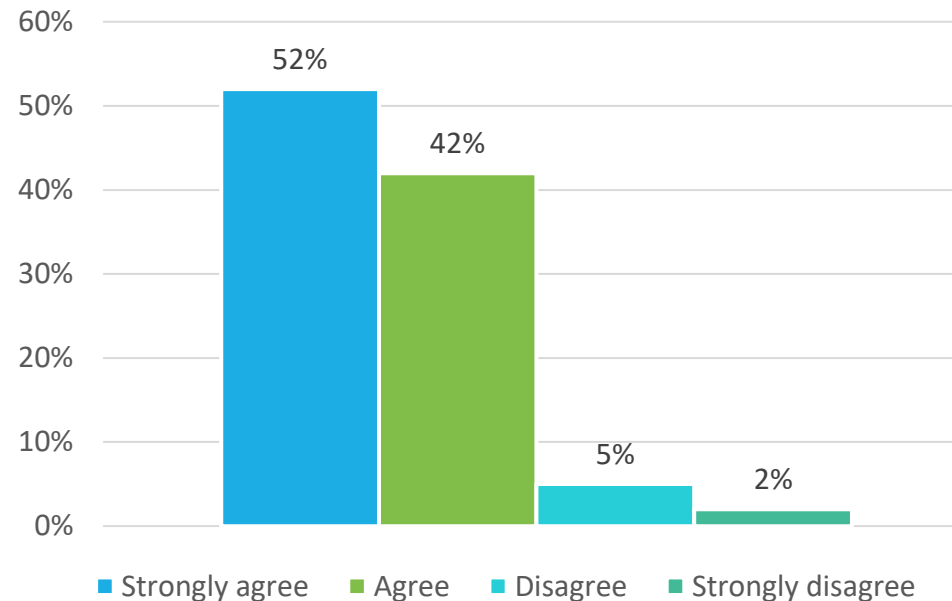
**Employees want more control over their health insurance choices:** 74% say they would prefer to choose their own plan based on options in their area, rather than choose from among a few selected by their employer.

## Employers Understand the Value of Health Coverage

Employers say offering coverage helps support business success

- 52% “strongly agree” that supporting employee health coverage helps them hire and retain the best workers.
- An additional 42% “agree” with the statement.
- Only 7% disagree.

Statement: “Offering group health coverage or financial support to buy their own coverage helps me hire and retain the best workers.”



Those not offering health coverage today would do so if they could

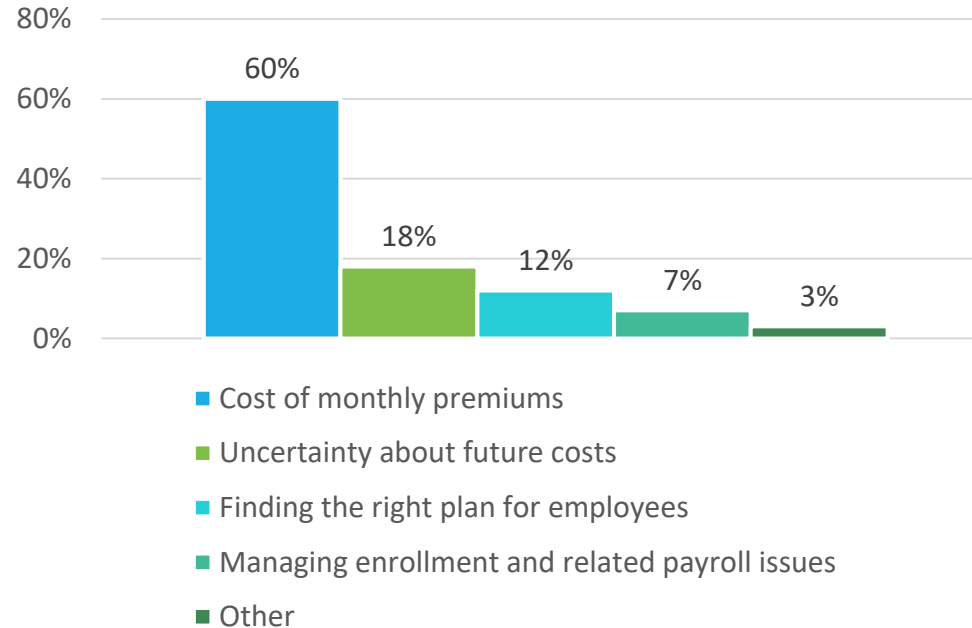
- 57% of employers not currently offering coverage say they would extend coverage to their employees if they could afford it.

## The Biggest Challenge for Employers is Cost

The cost of premiums tops the list of challenges for employers offering health plans

- 60% say the cost of monthly premiums is the biggest challenge to offering coverage.
- 18% cite uncertainty about future costs.
- 12% cite finding the right plan for their workers.

“What’s the biggest challenge to offering employer-sponsored group health insurance?”



Many employers are struggling with the cost of sponsoring a group health plan today

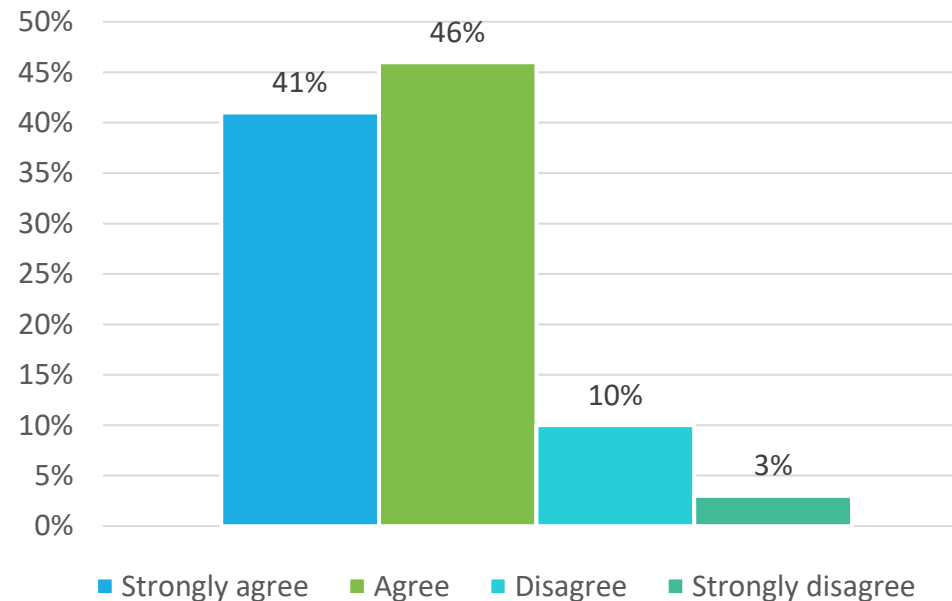
- 40% say they are struggling to afford the cost of offering group health coverage for employees.
- An additional 11% say they really can't afford it and may have to stop offering coverage entirely.

## Employers Are Looking for Another Way

Most employers want to help workers get coverage, but they want a new way to do so

- Overall, 87% of employers say they would prefer to help their employees get health insurance without having to sponsor a group health plan.
- 13% disagree

Statement: “I wish I could help my employees get health insurance without having to sponsor a group health insurance plan.”



Few employers know about alternative options – like ICHRA – beyond group health insurance

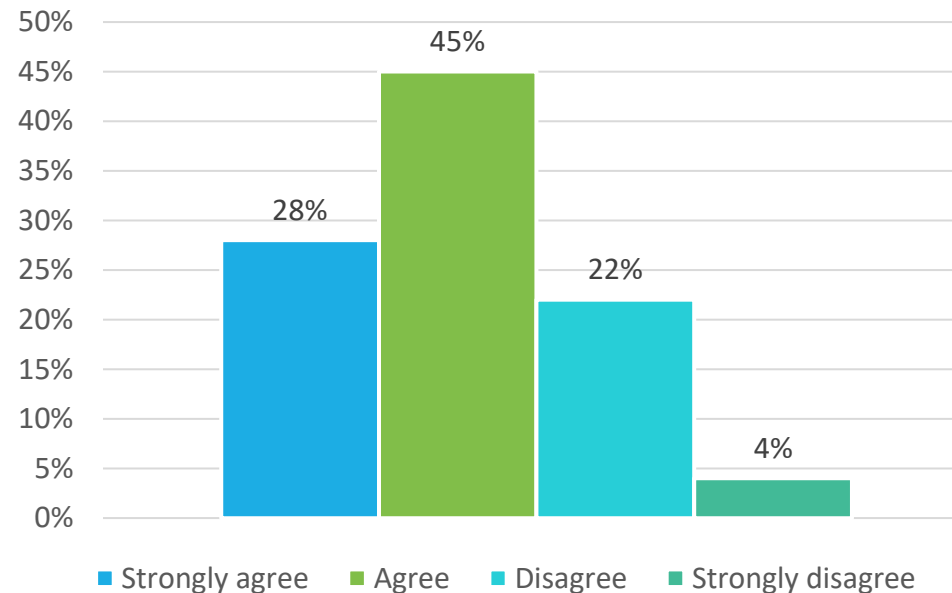
- 64% of employers say they are unaware of ICHRA products that would allow them to offer financial support to workers in choosing their own health insurance plans.

## Employees Are Dissatisfied with Their Plan Choices

Most feel their health care needs are not prioritized by employers

- 73% of employees feel that employers prioritize their own needs when selecting health plan options for workers.
- Only about a quarter (26%) feel that their own needs drive employers' considerations when selecting health plan options.

Statement: "The health plan options I was given were selected more with the employer's needs in mind than my own needs."



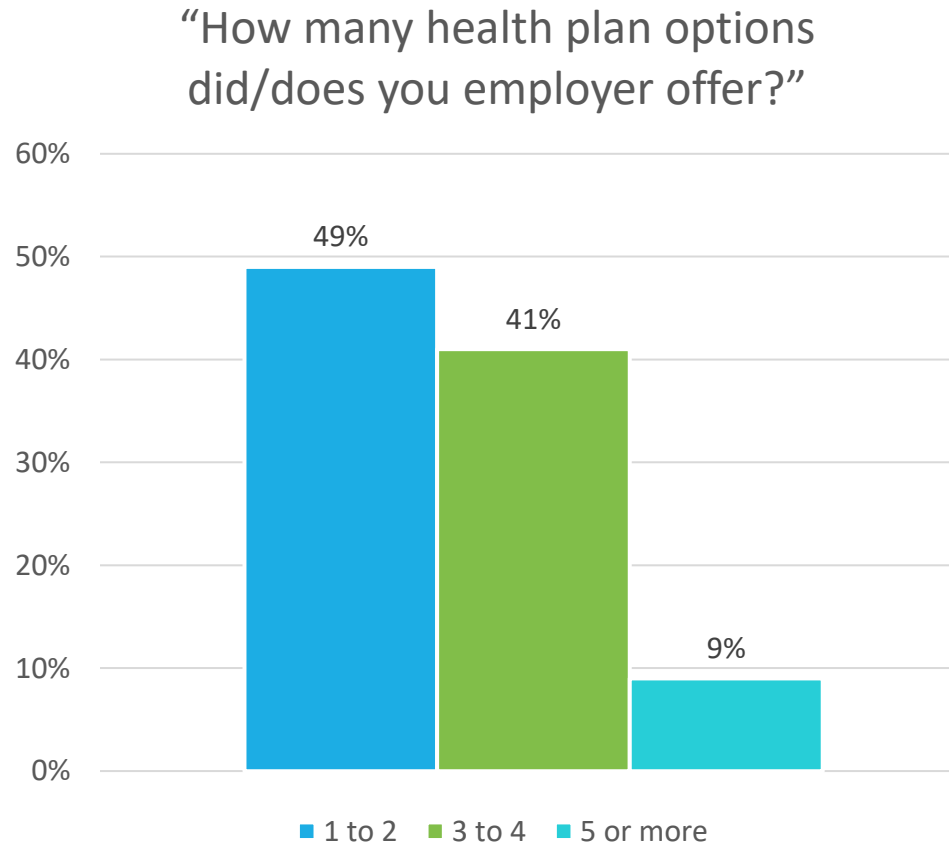
Most feel the health plan options they are provided are a poor match for their needs

- 58% say their employer-sponsored health plan choices are not well aligned with their personal needs.
- Only 20% say their employer has a good understanding of their health care needs.

## Employees Want More Plan Choices

Half are given one or two health plan options; 90% are given four or fewer

- About half (49%) say they are offered only one or two health insurance plans by their employer.
- 41% say they are given between three and four options.
- 9% say they are given five or more choices.



Majority report frustration with the limited health plan options provided by employers

- 57% say they are frustrated by the small number of health insurance options provided by employers.
- If they were selecting their own health insurance plan, most (55%) feel they would need to review six or more plan options; 20% say they would need to review more than 10 options.

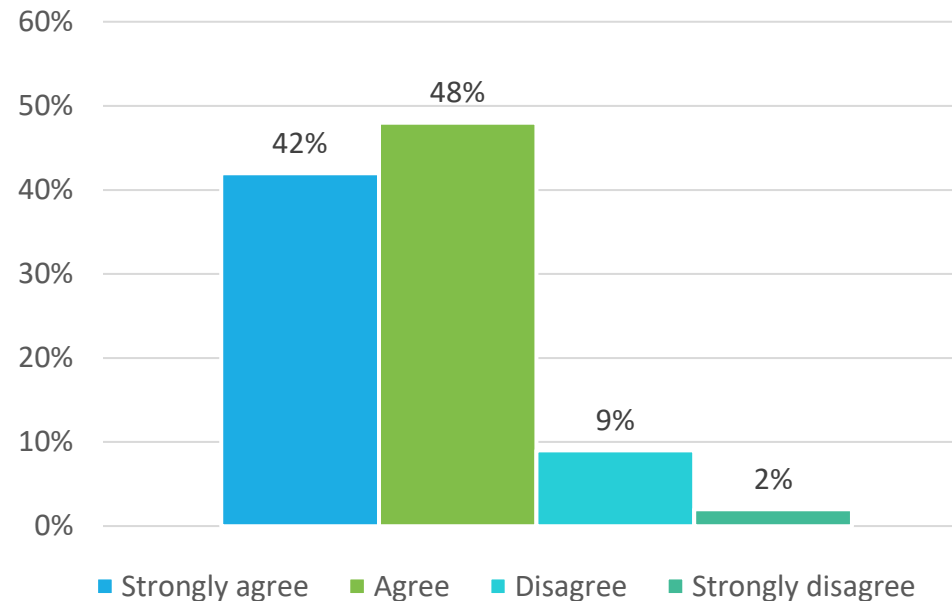


## Employees Want More Control Over Their Coverage

90% believe you should be able to take your health plan with you when you leave a job

- 42% “strongly agree” that people should be able to take their health coverage with them after leaving a job.
- 48% agree.
- Only 9% disagree, and 2% strongly disagree.

Statement: “When someone leaves a job they should be able to take their health coverage with them for as long as they can pay for it.”



Most would prefer to pick their own health insurance plan

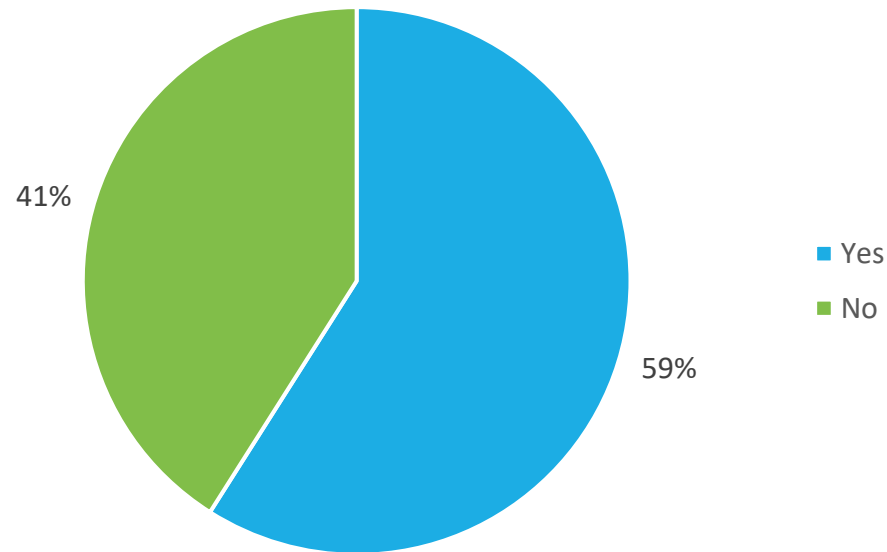
- 74% say they would prefer to pick their own health insurance plan based on what’s available in their area rather than choose from among a small selection of plans offered by their employer.

## Health Care Support Leads to Employee Satisfaction

### Lack of employer-sponsored coverage reduces job satisfaction for 6 in 10

- Among those who had previously worked for an employer not offering coverage, 59% say the lack of coverage made them less satisfied with their job.
- 41% were not less satisfied with their job due to the lack of employer-sponsored coverage.

“Did the lack of employer-sponsored coverage negatively impact your job satisfaction?”



### Financial assistance to obtain coverage would have improved job satisfaction

- 80% say they would have been more satisfied with their job if their employer had offered \$200-\$400 per month to purchase their own health plan.

## **Methodology Note**

The findings presented in this report are based on an online survey of more than 1,000 general population respondents and more than 250 owners or managers of small to medium-sized businesses, conducted in September of 2022. Eighty-two percent of employer respondents had 50 or fewer employees. A total of 1,300 responses were received. eHealth utilized a third-party survey vendor in the collection of responses. Percentages have been rounded to the nearest full percentage point and may add to slightly more or less than 100% due to rounding.

## About eHealth

eHealth, Inc. (NASDAQ: EHTH) operates a leading health insurance marketplace at eHealth.com and eHealthMedicare.com with technology that provides consumers with health insurance enrollment solutions. Since 1997, we have connected more than eight million members with quality, affordable health insurance, Medicare options, and ancillary plans. Our proprietary marketplace offers Medicare Advantage, Medicare Supplement, Medicare Part D prescription drug, individual, family, small business, and other plans from approximately 200 health insurance carriers across fifty states and the District of Columbia.