

Examining Why Health Care Insurance Matters

By Chris Van Buren

In the United States, we take it as a given employers provide employees with healthcare insurance. This wasn't always the case, though.



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baked-in convention.

During World War II, there was a shortage of workers due to the fact so many men and women of working age had been summoned to serve our nation in the war effort. By war's end, this number had grown to a staggering 16 million. In addition, to combat inflation the federal government passed the 1942 Stabilization Act to limit employers' ability to raise wages. To attract and retain employees, companies began offering health insurance. During the years following the war this practice spread. Employees eventually grew to expect employers to include health-care insurance in their package of benefits, as the practice became a standard feature of the US employment system.

Fortunately, this new convention didn't come without advantages to employers. In fact, as the

following demonstrates it would be a win-win for both employers and employees. Employer contributions to employee healthcare insurance are generally tax-deductible expenses for the employer. Plus, the value of the healthcare insurance benefit provided to employees is not treated as taxable income. These tax advantages make it more cost-effective for employers to offer healthcare insurance rather than providing salaries when trying to attract and retain talent. Win-win for both parties.

Since there is no universal healthcare system in the United States, access to affordable healthcare insurance coverage is highly valued by prospective and current employees. Providing health insurance is seen as a valuable benefit that can set a company apart from its competitors and help attract and retain skilled workers.

Statistics pointing to the importance of employer-sponsored healthcare insurance are compelling. Forbes Advisor found that 40% of employers say workers leave their job to find a role that offers better employee benefits according to a 2023 survey of employed workers and employers.

What's more, respondents listed employer-covered healthcare as the most desired benefit when asked to list the top five benefits they want from employers. 67% of employees and 68% of employers went on to indicate employer-covered healthcare is the most important benefit.

Forbes has also reported the somewhat obvious conclusion effective medical, ancillary and wellness benefits help to keep a workforce healthy, reduce absenteeism, increase morale and job satisfaction, cause staff to feel cared for and appreciated and boost overall worker productivity. Moreover, providing healthcare insurance to employees – and allowing team members the liberty of seeking medical care when they are ill – is simply the right thing to do for valued employees. As famed University of Alabama football coach Bear Bryant once observed, you need chickens to make chicken salad. Let's add the fact you don't want sick employees spreading illness to other workers. This last note becomes particularly relevant in the post-Covid workplace.

There are also legal requirements for employers to consider when regarding employer-

sponsored healthcare insurance. Under the Affordable Care Act (ACA), also known as Obamacare, companies with fifty or more full-time employees are required to provide affordable healthcare insurance to their employees. This legal obligation incentivizes companies to offer health insurance to comply with the law and avoid penalties.

While the benefits attributable to employer-sponsored healthcare insurance may be obvious, it remains a complex subject requiring experience and expertise. Your trusted risk management, human capital and insurance professional can provide both.

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