

Texas businesses make up the foundation of health coverage in Texas with the most efficient path to benefits for families. Employers rely on health benefits to attract the best workers, so they cover the bulk of monthly premiums for the most extensive and comprehensive coverage around.

14 Million Texans Covered@Work

Employers Make Coverage Affordable & Accessible for Texans

Texas businesses, on average, pay 77% of monthly premium costs for a single person, and 66% for a family.

Employer Coverage: More comprehensive than any other coverage.

- Big employer benefits go beyond just “essential health benefits”.
- For example, half of businesses cover acupuncture.
- Businesses offer more out-of-network coverage and keep out-of-pocket costs low.

High Satisfaction

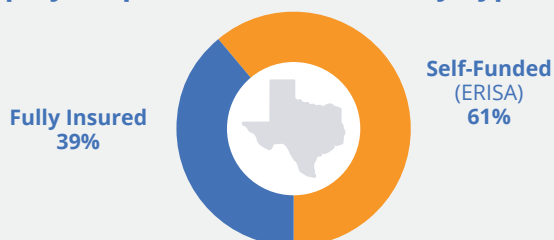
- **79%** of employees say health insurance is a “must have”.
- **80%** of employees rank their health plan “excellent” or “good”.
- **75%** say health benefits factored into their decision to accept a job.
- **78%** report health coverage impacts their decision to stay at their current job.



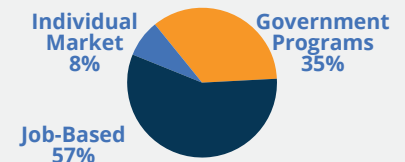
Employer Coverage 101: Market Terms

- **Small group:** an employer plan that covers up to 50 employees.
- **Large group:** an employer plan that covers 51 or more employees.
- **Fully insured:** Health insurance plans where an insurer assumes the financial risk for medical claims.
- **Self-funded:** Health plans where employers assume the financial risk for medical claims and use an insurer to administer the plan. These plans are regulated by federal law (ERISA) and are exempt from state mandates.
- **Level-funded:** Employers pay a set monthly amount to a health insurer to cover claims and provide stop-loss insurance against unexpected high-cost claims. Also exempt from state mandates.
- **ERS:** The Employee Retirement System (ERS) offers self-funded health benefits for state employees administered by a health insurer.

Employer-Sponsored Insurance by Type



Leading Source of Texas Health Coverage



Employer Coverage 101: Plan Types

- **HMO:** Plans where patients must receive care from a network of providers and a primary care referral is required for specialty care.
- **PPO:** Plans where patients also have out-of-network coverage and referrals aren't required.
- **EPO:** These plans are HMO plans; however, patients aren't required to get a referral for specialist care from a primary care provider.
- **POS:** Like PPO plans with out-of-network benefits but patients are required to get a referral.
- **HDHP:** Employers couple higher deductibles with a tax advantaged health savings account (HSA) that employees can spend on out-of-pocket costs.

Did you know?

Job-based health insurance grew out of WWII wage controls leading employers to offer extra benefits to attract workers. U.S. employers now save nearly \$300 billion per year through tax-free health benefits.



Texans Covered@Work

Texas employers face rising health care costs, threatening their ability to offer health benefits, protect employees from unexpected costs, and attract talented workers.



Small business owners in Texas rank the cost of health insurance as their **single biggest problem** every year since 1986.



Affordability is the #1 reason employers cite for not offering health insurance.



75% of small businesses that don't offer coverage say employees would **prefer pay raises over benefits**.



70% of businesses say a premium increase of 4% would force them to consider **increasing costs for workers**.

Driving the Problem



Price Hikes Drive Health Spending

Inflated prices make up 77% of increased health care spending.



Texas is Ranked 3rd for Mandates

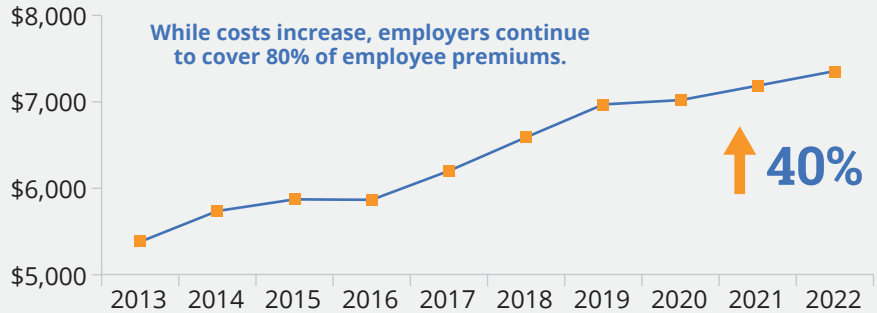
Mandates above the ACA create a hidden tax on employers and make it harder to offer affordable health benefits.



Innovation Outlawed in Texas

State laws block insurance plans that encourage patients to shop for lower priced care, reward doctors that focus on value, and share quality transparency with patients.

Total Premiums up Nearly 40% Over the Past Decade, Employers Bear The Burden



Texas Employers Need More—Not Less—Control Over Health Care Costs

- **87%** of Texas employers say that health care costs are rising at an unsustainable rate.
- **78%** of Texas employers rank health care costs as one of the top issues affecting their business.
- **77%** of Texas employers agree the legislature should give employers more flexibility to contain costs.
- **Three-quarters** of Texas employers say they oppose legislative mandates that interfere with how they design benefits for employees.
- **Nearly 60%** of Texas employers want the option to purchase insurance that has fewer mandates.

Results from a 2022 Texas Association of Business Survey

Health Savings Accounts (HSAs) on the Rise

30% of employees are now enrolled in plans with HSAs, up 50% over a decade.



Solutions for Texas Employers:

1. **Start a Moratorium on Mandates:** 29 states review the cost of mandates upfront. Texas needs a pause on new mandates and a process to understand regulations that benefit few and raise costs for all, restrict modern care delivery, and shield high-prices from competition.
2. **Modernize the Market:** Employers want flexibility to offer innovative benefits that reward high value care and encourage patients to be smart shoppers. State regulations stand in the way.
3. **Fight Back Against Out-of-Control Prices:** Patients need a complete price picture with honest billing, shoppable info, and transparency in ownership including private equity's health care takeover.
4. **Stop Fraud, Waste, and Abuse:** As much as 10% of all health care expenditures are attributable to fraud, waste, and abuse and physicians report that 30% of procedures are unnecessary.
5. **Protect Employer Flexibility:** Employers are leading with innovation and Texas should reject attempts to regulate self-funded (ERISA) employer health plans.

