

Press Release



The Value of Employer-Sponsored Health Insurance: A Summary

PAULINA ENCK | APRIL 12, 2022

Employer-sponsored insurance (ESI) is the most common source of health insurance in the United States, covering around 156 million Americans in 2021. A new insight summarizes [The Value of Employer-Sponsored Health Insurance](#), research by University of Chicago economics professor Casey Mulligan, originally released by the National Bureau of Economic Research. The study explores the social value of ESI—the sum of private and external components—and quantifies how such value well exceeds the cost of the coverage’s tax exemption.

Key points:

- Contrary to common criticisms, employer-sponsored insurance (ESI) provides significant value to beneficiaries and taxpayers far beyond the cost of the tax subsidy.
- Employees value ESI at 75–84 percent more than employers and employees together pay for it, generating an annual private value of at least \$800 billion.
- Further, after accounting for the tax subsidy, ESI provides an annual net economic benefit to society of at least \$600 billion by reducing fiscal pressures on subsidized insurance programs and encouraging work and business formation.
- In total, ESI generates around \$1.5 trillion annually in social value beyond what workers, employers, and taxpayers pay for it, or nearly \$10,000 per insured individual.

[Read the analysis](#)