

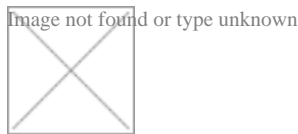


Weekly Checkup

The Forgotten Federal Health Care Program

CONOR RYAN | APRIL 9, 2014

Almost universally disliked by economists, and just as adored by working Americans, employer-sponsored health insurance is the largest federal health care benefit by participation and third largest by spending. According to a study funded by the Robert Wood Johnson Foundation, 159 million Americans purchase health insurance coverage through their employer with pre-tax income in 2011.^[1] This preferential tax treatment, which originated as a by-product of World War II era regulations, allows working individuals and families to receive a discount on their health insurance premiums roughly equal to their marginal tax rate—not entirely dissimilar to the newly implemented Health Insurance Marketplace subsidies. The forgone tax revenue represents a sizeable cost to the federal government, \$248 billion in 2013, and one that rivals spending on other major federal health care programs.^[2]



^[1] *State-Level Trends In Employer-Sponsored Insurance Coverage: A State-by-State Analysis*, Robert Wood Johnson Foundation, April 2013, available at:

<http://www.rwjf.org/content/dam/farm/reports/reports/2013/rwjf405434>