



AMERICAN BENEFITS COUNCIL

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Survey of American Benefits Council members reveals: **Serious employee benefit plan concerns lingering as pandemic, recession threaten businesses**

WASHINGTON, DC – “Many states and localities are now trying to ease their citizens back to business-as-usual, but an informal survey of employers shows that serious threats to employee health and retirement benefits – like the coronavirus itself – have not really gone away,” said American Benefits Council President James A. Klein today.

A poll of the Council’s employer members (and non-member peer companies) – representing more than 100 large U.S. and multinational companies – was conducted earlier this month, [yielding a number of valuable insights](#):

- Among organizations that have terminated employees as a result of the pandemic, 17% have been able to make it possible for the former employees to remain eligible for the ongoing health plan (without having to elect COBRA) and 42% are fully or partially subsidizing the cost of COBRA coverage. More than half of all respondents (54%) said their company would support “federal legislation that provides federal subsidies for COBRA for furloughed/terminated employees,” with an additional 24% offering conditional support, depending on the details of such a program.
- Nearly 73% of organizations are covering COVID-19 treatment without cost-sharing in at least some of the health plans they offer. Of those who are not waiving cost-sharing for COVID-19 treatment in some or all of their plans, 71% said the organization was refraining from doing so due to concerns about equity “in that cost-sharing applies to other serious conditions such as cancer,” while 63% had concerns “regarding the cost and the potential impact on future coverage, including future premiums.”
- More than 60% of companies that offer self-insured health care coverage expect that the pandemic will result in increased costs (moderately or significantly) in future plan years.

Nearly 80% of these respondents believe these higher costs will be the result of a “consolidated time period during which delayed elective procedures will occur” and 78% assume “detrimental health effects of delaying elective procedures and other health care during the crisis.” Half (50%) of those predicting increases believe that COVID-19 treatment will drive higher cost in the future, 37% predict that testing for current COVID-19 infections will lead to cost increases, and 38% predict that antibody testing for past COVID-19 infections will lead to cost increases. Many of these respondents anticipate that the potential effects of these increased costs will be increased premiums (82%) and increased cost-sharing and deductibles (55%).

- More than 17% of companies are taking action to reduce or eliminate matching contributions in their 401(k) plans, while another 10% are considering or anticipating doing so. More than 10% are moving to reduce or eliminate non-elective contributions, with another 23% considering or anticipating doing so.
- Majorities of defined benefit pension plan sponsors support measures to provide relief in the form of funding stabilization, including narrowing the interest rate corridor, delaying the phase-out of current stabilization and extending the amortization period for funding shortfalls.

The views expressed in this survey underscore the importance of additional pandemic relief measures to strengthen workplace benefit programs, thereby helping both employers and employees achieve greater financial security.

The Council will continue to promote its [recommendations for supporting displaced workers](#) and others affected by the “pandemic economy.” This blueprint for harnessing the strength of employer-provided benefits include a number of specific tax policy proposals to support COBRA health coverage and save struggling pension plans, among other important programs.

“We commend policymakers from both parties for their action thus far. But we are receiving a clear message from employers that there is a long way to go between recession and recovery. We urge lawmakers to listen to the voices of employers and act now,” Klein said.

For more information on the survey, or to arrange an interview with the Council’s policy teams, contact Jason Hammersla, Council vice president, communications, at jhammersla@abcstaff.org or by phone at (202) 422-4652 (cell).

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The Council is a public policy organization whose members include over 220 of the world’s largest corporations, as ranked by Fortune and Forbes. Collectively, the Council’s members either directly sponsor or administer health and retirement benefits for virtually all Americans covered by employer-sponsored plans.