

# Committee on Ways and Means

## Helping Seniors Keep the Health Coverage They Have *Why the Bipartisan Medicare Agreement Helps Retirees Keep Employer-Sponsored Health Coverage*

Critics falsely claim that H.R. 1 will directly result in employers dropping their retiree health care coverage. In fact, H.R. 1 takes steps to help keep employers in the game.

### ***FACTS:***

1. Unfortunately, employers have been dropping health care for retirees for nearly two decades – absent a prescription drug benefit in Medicare. A Kaiser Foundation survey notes that the percentage of all large firms (*200 or more workers*) offering retiree health benefits has declined from 66 percent in 1988 to 34 percent in 2002.
2. Rather than worsening the situation, H.R. 1 works to stop the trend line of employers dropping retiree coverage.
3. H.R. 1 achieves this goal by providing incentives to employers to continue offering health care to their retired employees. Employers offering retirees coverage that at least equals the Medicare benefit will receive tax-free direct subsidies.
4. The Congressional Budget Office has predicted that substantially fewer employers will drop or reduce coverage under the bipartisan Medicare Conference Report than under either the House or Senate-passed bills. Also, the non-partisan Employee Benefit Research Institute has predicted that virtually no employees will lose coverage as a result of H.R. 1.