



PROTECTING AMERICANS'  
COVERAGE TOGETHER

# Avalere Analysis: Employers See Significant Return on Investment from Employee Health Coverage

## Positive ROI of 47% in 2022, Growing to 52%, for Employers Providing Health Insurance

On behalf of Protecting American's Coverage Together ([PACT](#)), Avalere health analyzed the Return on Investment (ROI) of Employer Sponsored Insurance (ESI) programs, which will cover roughly 155 million individuals in 2022. Avalere found that companies that invest in their employees by providing high quality health coverage see a significant return on investment. In 2022, the ROI of ESI for employers with 100 or more employees will be 47%. This means that for every dollar invested in ESI, these companies, on average, receive \$1.47 back in financial benefits. The ROI is expected to grow to 52% by 2026, according to the Avalere analysis, and companies who invest in high-quality ESI see a higher ROI.

### Estimated ROI of Employer-Sponsored Health Insurance

	2022	2023	2024	2025	2026
100+ Employees	47%	47%	48%	49%	52%

## Return on Investment

Avalere's analysis breaks down the particular benefits that accrue to employers from providing ESI. Avalere attributes the direct financial return to lower direct medical costs, increased productivity, lower recruitment costs, stronger retention, lower short- and long-term disability costs, as well as tax benefits. Improved productivity represents the largest share of these, returning more than \$275 billion, but all provide an important benefit to employers. The return in these each of these areas is expected to grow over the next five years as well.

### Benefits by Component, as \$ of ROI (in millions)

100+ Employees	2022	2023	2024	2025	2026
Direct Medical Costs	\$100,951	\$102,688	\$104,554	\$106,395	\$107,968
Productivity	\$275,583	\$291,901	\$309,489	\$327,976	\$346,588
Recruitment	\$141	\$147	\$154	\$160	\$167
Retention	\$20,343	\$21,271	\$22,264	\$23,291	\$24,297
Short- and Long-Term Disability	\$1,275	\$1,305	\$1,336	\$1,368	\$1,397
Tax Benefits	\$119,162	\$120,888	\$123,990	\$126,954	\$139,711

## Greater Investment, Greater Return

A theme of the analysis is that employers that offer higher quality coverage and higher wages can expect to see a higher return on their ESI program. As Avalere looked across industries, its analysis found that industries where firms generally made greater investments in ESI, such as plans with wellness programs, tended to result in high ROI.

As an example, Avalere examined the return on investment for manufacturing companies providing employer sponsored insurance. The report finds that American manufacturers with 100 employees or more will see a positive 42% return on their ESI investment in 2022.

Read more about the return on investment employers get from ESI in the full paper [here](#).