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At a Crossroads: Retiree Health Benefits

Retiree health coverage is a declining benefit for many employers. But now, research from the Kaiser Family Foundation (KFF) finds that the pre-65 population has new options, thanks to the Patient Protection and Affordable Care Act (PPACA).

According to the KFF, just 28% of large organizations offered retiree health benefits to active workers in 2013, a huge drop from 1988 when 66% of the group provided this benefit. In the recent study, larger firms were more likely to offer retiree health benefits to active workers than smaller firms. High expenses associated with the retiree population as well as the PPACA's excise tax may force many employers to analyze their current offerings. According to the KFF study, "some firms have elected to stop offering benefits (usually to retirees first) while newer firms, and firms in service and technology sectors, for example, never established the financial commitment...to their retirees," the report notes. Employers are reviewing their options, which include an effort to limit costs by offering defined contribution health plans, as well as utilizing the new federal and state marketplaces.

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