Employee Benefits

Employer-Provided Health Insurance and Retirement Behavior, by A. L. Gustman and T. L. Steinmeier

Using data from four sources, the authors analyze, with a structural retirement model, the effect on retirement of employer-provided health benefits. Such benefits, they find, tend to delay retirement until the age of eligibility and afterward to accelerate it. The net effect is small. Employer-provided health benefits lowered male retirement age by only about 1.3 months. Valuing health benefits at the price of private health insurance to unaffiliated men, rather than at the cost to employers, increases the effect. Ignoring retiree health benefits in retirement models creates only a small bias. *Industrial and Labor Relations Review,* October 1994, 48(1): 124-140. (Reprinted with permission of the *Journal of Economic Literature.*)

The Effect of Access to Post-retirement Health Insurance on the Decision to Retire Early, by L. A. Karoly and J. A. Rogowski

The authors analyze the effect of the availability of post-retirement health insurance on early retirement behavior of men using data from the 1984, 1986, and 1988 panels of the Survey of Income and Program Participation (SIPP). Estimates from profit models of retirement during the SIPP panel period show that the offer of continued employer-provided health insurance coverage after retirement increased the likelihood of retirement before age 65. Also the authors find evidence that the presence before retirement of retirement insurance coverage through a source in addition to the employer increased the likelihood of early retirement. *Industrial and Labor Relations Review,* October 1994, 48(1): 103-123. (Reprinted with permission of the *Journal of Economic Literature.*)

Workers' Preferences among Company-Provided Health Insurance Plans, by M. W. Barringer and O. S. Mitchell

Data from four plants of a single company are used to examine differences in health plan selection in 1989 among employees offered a choice of plans. Increasing the traditional fee-for-service plan premium by 10 percent reduced the fraction choosing that plan by 4-9 percentage points and a doubling of the deductible reduced the plan's market share by 3-4 percentage points. Most workers rejecting such a plan chose the high-premium prepaid plans, which offer the lowest cost-sharing provisions. Attaching a modest deductible to prepaid plans, however, reduced their market share by 3-4 percentage points. *Industrial and Labor Relations Review,* October 1994, 48(1): 141-152. (Reprinted with permission of *Journal of Economic Literature.*)