THE AFFORDABLE CARE ACT: IMPACT ON BUSINESS

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DEDICATION

This work is dedicated to my husband Joe and my children, Meghan, Jim, and Katie. Your ongoing encouragement and support, gave me the strength to complete this program. Joe, a special thank you for the sacrifices you made so that I could achieve my goal. You encouraged me to reach for the stars and to achieve my dreams. Each and everyday you believed in me helped me to keep going, even when things got hard. I am so lucky to have youo. I love you all so much.

I also dedicate this work to my parents. My mother who understood when I had homework and could not always stay for long visits, and my father, who passed away 20 years ago, but set an example early on to how important an education was. He’s in my thoughts daily and I know that he has watched over me during the last two years to help me stay strong. I love you both.
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ABSTRACT

This study focused on the impact that the Affordable Care Act has had on businesses. The research looks at how employers were influenced by this law and how they changed their employee benefits and hiring decisions within organizations. The research focused on senior human resource leaders within a variety of organizations, with a high percentage of respondents from higher education and non-profit industries. The employer mandate portion of the Affordable Care Act is new to employers who employ over 50 full-time equivalents. Changes that businesses have made to employer-sponsored benefit plans and decisions to hire full-time or part-time employees were determined.

The results reveal the Affordable Care Act has influenced decisions made by employers as they made decisions to change benefits offered to employees and the number of employees businesses expect to hire in the next twelve months. In order to control costs associated with the Affordable Care Act, some organizations are either reducing working hours or changing benefits offered.

The results support recommendations that require support of Congress and the President. The increase in costs and the reduction of full-time hiring in the next twelve months inform the need for changes in the employer mandate, the redefinition of benefit eligible, and the elimination of fees. These changes must come in the form of amendments to the law. The negative feelings that many organizations have towards the Affordable Care Act, including the impressions that the law has negatively impacted their employees directly, only support the need for a change in the law.
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Chapter 1
Introduction

The Affordable Care Act was a significant bill, enacted into law in March 2010, with the goal of providing accessible and affordable healthcare for all Americans. The increase in healthcare costs, insurance premiums, and the significant numbers of uninsured individuals, created the impetus for Congress to change the national healthcare system.

The Affordable Care Act imposes fees and taxes on businesses of all sizes which raises questions about the impact that the law will have on employment. The concern, shared by the business community, is the increased costs directly related to the Affordable Care Act (Troy & Wilson, 2014). These include, but are not limited to: increased cost of premiums under the Reinsurance Fee and the Insurer Fee; the Patient-Centered Outcomes Research Trust Fund fee; the increased enrollments for employees who work over 29 hours; and the potential reduction of full time employment opportunities (IRS, 2012). These fees are annual fees which are made payable to the Internal Revenue Service, and are part of how the insurance exchanges and other funding for the Affordable Care Act are being paid for. In total, the estimated increase in premiums directly attributable to these costs for employer-sponsored plans is approximately 4 percent (UHC, n.d.). Annual premium increases are not included in this estimate.

With such a burden to meet the requirements of this law, many organizations are evaluating if offering employer-sponsored insurance plans is a wise business decision (Blumberg, Buettgens, Feder, & Holahan, 2012). Understanding the impact to businesses will explain the impact on individuals regarding their health insurance costs and the benefit levels available to them now and after the employer mandate begins.
The Patient Protection and Affordable Care Act

The Affordable Care Act is a comprehensive health care reform law that focuses on controlling health care costs, expands access to coverage, and attempts to improve the health care system as a whole. The major provisions include the elimination of lifetime annual limits on benefits, elimination of any out-of-pocket cost for preventative services, extension of coverage for dependents up to age 26 to stay on their parent’s plan, and prohibition on pre-existing condition exclusions. Several of these provisions impact employers’ costs when carriers develop employer-sponsored premiums for employers.

The law also focuses on the expansion of Medicaid to “all non-Medicare eligible individuals under age 65 with incomes up to 133% FPL (Federal Poverty Level) based on modified adjusted gross income” (Kaiser Family Foundation, 2013). The Affordable Care Act also requires states to maintain the Children’s Health Insurance Program (CHIP) through 2015. States have an option to expand Medicaid. If they opt to expand, they will receive an increase in Medicaid payments for specific services and other primary care services provided to patients. If a state does not expand Medicaid and an individual is denied Medicaid coverage, these individuals will then be exempt from the individual mandate and not be required to pay a penalty (ObamaCare Facts, 2015)

To improve access to health insurance, the Affordable Care Act includes the development of Health Benefit Exchanges, what many refer to as the “exchange” that allow individuals to purchase coverage through a marketplace. Each state was required to open their own exchange or opt into the federal exchange. Through the exchange, individuals will qualify for tax credits depending on their income level. United States citizens and legal residents who do not have qualified coverage and are not otherwise exempt will be responsible for a tax penalty. The tax
penalty will be phased-in and begins during the 2014 tax year. The tax penalty is $95 in 2014, and increases in 2015 and 2016 to $325 and $695, respectively or 1% of taxable income in 2014, 2% in 2015 and 2.5% in 2016. After 2016, the penalty is adjusted annually by the cost-of-living (Kaiser Family Foundation, 2013).

In addition to the individual mandate there is also an employer mandate. Employers with 50 or more full-time equivalent employees are required to offer health care coverage to a substantial number of full-time employees. The law defines substantial number as 95% of all full-time employees. Employers who choose not to and that have an employee receive a tax credit through the insurance exchange will be penalized $2,000 per full time employee, excluding the first 30 employees, or $3,000 for each employee receiving a tax credit, whichever is less (see Figure 1.1). Another requirement under the employer mandate is that the healthcare is affordable. Affordable insurance for an employee is defined as the cost of single coverage that is 9.5% or less than the employee’s adjusted gross income as reported on the W-2 form (Patient Protection and Affordable Care Act, 2010). The employer mandate is complex. One of the main concerns for employers is to remain in compliance and to avoid penalties. Even one employee receiving a tax credit from an employer who is required to offer health care insurance will trigger a penalty (see Figure 1.1).
Figure 1.1 Penalties for Employers not Offering Affordable Coverage under the ACA

Source: Kaiser Family Foundation-healthreform.kff.org
Not all of the regulations have taken effect. However, organizations are, as of this writing, meeting the requirements under the employer mandate, which took effect on January 1, 2015. Other regulations of the law will continue to be enacted through 2018.

**Purpose of the Research**

The Affordable Care Act is having an impact on organizations of all sizes across the country. We need to gain an understanding of the additional costs incurred by businesses and what influence the Affordable Care Act is having on the decisions of staffing and employee benefit changes. What role do the cost and fees associated with the Affordable Care Act have in decision making on staffing and benefits in a business? This study explored the specific costs, including the impact of the Patient-Centered Outcomes Research Trust Fund fee and premium increases based on the various fees passed to policyholders by insurance providers (UHC, n.d.).

Beyond the cost impact, employers are reportedly adjusting the benefits offered to their employees and, in some cases, eliminating the eligibility for spouses or dependents to enroll in their employer-sponsored plan (Kaiser Health News, 2013). Employees deciding to waive coverage under their employer plan and enrolling in the plans offered through the insurance exchange are expected to be a consequence the law is having on the market (Eibner, et al., 2010). The insurance exchange is an online marketplace for health care insurance that individuals can use to obtain the mandated insurance as required under the law. This study explored what changes in employee benefit plans are being influenced by the Affordable Care Act.

The Affordable Care Act may also potentially affect the job market by limiting the growth of full time jobs. Employers may be influenced to add or reduce jobs, or to hire part-time employees instead of full-time employees, if they are on the cusp of triggering the employer
mandate requiring that they provide insurance to all of their employees. This study evaluated changes in full-time and part-time jobs comparing the prior twelve months and the next twelve months.

**Significance of the Research**

The Affordable Care Act has many mandates outlined within the law. The employer mandate, which became effective January 1, 2015, requires employers with greater than 50 full-time equivalent employees to provide insurance to their full-time employees or pay a per month penalty. This mandate has forced employers to look at their business practices on hiring in total, but specifically when to hire full-time employees or part-time employees. The Affordable Care Act defines a full-time employee as one who works 30 hours or more (Day, 2010).

This study found that costs related to the Affordable Care Act have affected over 70% of surveyed employers, influencing decisions made in hiring and changes to benefits. While changes in hiring and benefits is found largely in the higher education and non-profit industries, costs have impacted decisions made by most employers since the enactment of the law.

The increase in costs and the reduction of full-time hiring in the next twelve months inform the need for changes in the employer mandate, the redefinition of benefit eligible, and the elimination of fees. These changes must come in the form of amendments to the law. The negative feelings that many organizations have towards the Affordable Care Act, including the impressions that the law has negatively impacted their employees directly, only support the need for a change in the law.

The results of this study help us understand the actual impact on the business community. This study provides a baseline that provides information for future decision-making. Since this
research was conducted within the first month of the employer mandate, there is the chance that not every business has made changes based on the Affordable Care Act. Once the first year passes, gathering similar data that was included in this study, will continue to answer the real question, how has the Affordable Care Act impacted businesses.
Chapter 2

Literature Review

Introduction

During the last few years, the Affordable Care Act has undergone several setbacks and delays in the implementation of requirements under the law. When first enacted, many believed the law would not increase costs for businesses, but would allow employees and other individuals to have insurance coverage. We knew that employers with greater than 50 full-time equivalent employees would be required to offer healthcare benefits or face a fine.

The regulations under the Affordable Care Act have moved forward, even with the number of court challenges filed since its enactment. The employer mandate is now in full force; however, the literature does not provide data that details the impact that the law has had on businesses. Understanding the economic impact to businesses will be important for Congress as future changes to the Affordable Care Act are contemplated.

The Congressional Budget Office, as well as other research institutions such as the Urban Institute, and Kaiser Family Foundation developed a number of estimates for changes in jobs and increased costs related to the Affordable Care Act. Organizations began experiencing increases in costs after the implementation of the Patient-Centered Outcomes Research Trust Fund fee in July 2013, and the Reinsurance Fee in 2014 (IRS, 2014). Now that the employer mandate and fees related to the law are in place, actual data can be collected to determine the impact of the law on businesses.
Court Challenges

As the ink on the Affordable Care Act was drying, 26 states filed suit to challenge the constitutionality of the law. Since the passing of the law, there have been a number of court challenges to various aspects of the regulations, including the individual mandate, the tax/penalty, and the employer mandate.

One of the first cases to challenge the Affordable Care Act was *National Federation of Independent Business et. al., v. Sebelius, Secretary of Health and Human Services, et.al.* (2012). In a 5-4 decision, the Supreme Court held the individual mandate to purchase insurance through the insurance exchanges was not unconstitutional under Congress’s taxing power. The language in the law indicating a fee would be charged to individuals without health insurance coverage was interpreted by the Court to be a tax. This ruling rejected the argument that the power to impose taxes was improper. With this ruling, the Affordable Care Act was left mostly intact and provided for the regulations to move ahead.

In the case of *Liberty University v. Lew* (2013), the conflict between the employer mandate and religious beliefs of the owners of a business was settled for the moment when the United States Supreme Court denied certiorari on December 3, 2013 (Denniston, 2013). The case was remanded from the U.S. Supreme Court to the Fourth Circuit. Liberty University argued that the employer mandate was unconstitutional. The Fourth Circuit relied heavily on arguments based on the opinion by the Court in *National Federation of Independent Business v. Sebelius* (2012) which questioned Congress’s power to impose a fee for not meeting the requirements to offer or purchase health insurance. Liberty University also argued that, as a religious institution of higher education, their religious beliefs were violated by being forced to purchase insurance for birth control as a requirement under the law. The original complaint did not include this
issue and the Fourth Circuit declined to take up the issue of whether FDA-approved contraceptive methods being required in group health plans had violated their religious beliefs.

The first case to address tax subsidies under the federal insurance marketplace, *King v. Burwell* (2014), was argued before the Supreme Court on March 4, 2015. The Court is addressing a circuit split between the U.S. Court of Appeals for the Fourth Circuit, in the *King v. Burwell* (2014), and the D.C. Circuit, in the *Halbig v. Burwell* (2014), focused on the federal funding of tax credits for the purchase of insurance through the exchanges. The U.S. Court of Appeals for the Fourth Circuit ruled in favor of Burwell and in support of federal subsidies being allowed to be paid to individuals. The D.C. Circuit ruled that the law is “imposing taxes and spending funds through those 36 federal Exchanges without statutory authority” (Cannon, 2014). The Supreme Court decision is expected in June 2015.

Coyle (2014) believes that the decisions in 2014 at the lower courts will affect employers’ decision-making, since many employers have relied on employees moving to the insurance exchange to receive the tax subsidy. Employees in 36 states who expected tax credits under the federal insurance exchange, now unable to receive them, may continue with their employer-sponsored plans. The ruling on tax credits will influence businesses within these states and may force the decision to pay the penalty imposed for not providing insurance benefits. However, the impact of the decision regarding tax credits by the Fourth Circuit Court provides encouragement for employers that the government will go back and try to fix problems within the law. Coyle’s theory assumes that by outlining the impact the Affordable Care Act has on a business will encourage changes to the law (Coyle, 2014).

The outcome of *Burwell* is labeled as the “biggest legal threat to the health-care law since the justices three years ago upheld the requirement for individuals to have health
insurance” (Millman, 2015). This case will impact the employer mandate too. Both the individual and the employer mandates will be impacted if the Court overturns the IRS rule (Coyle, 2014).

**Potential impacts of ACA on business decisions**

**Benefit Coverage**

When first enacted, many believed the law did not increase costs for businesses. Today, we know that healthcare and related costs have increased. Employers have seen an increase in healthcare premiums and fees related to the Affordable Care Act, such as the Patient-Centered Outcomes Research Trust Fund fee and the Reinsurance Fee. However, there is no indication within the literature about whether jobs have been lost or whether there have been delays in businesses expanding their employee count based on the Affordable Care Act (Troy & Wilson, 2014).

There is some evidence that employers have reduced the level of benefits offered to employees (Troy & Wilson, 2014). Research conducted by the Urban Institute shows that employers have eliminated offering health care benefits to employees working below 30 hours a week, while others have reduced hours for part time employees to ensure they are below the 30-hour trigger for mandatory health insurance coverage under the Affordable Care Act (Blumberg, Holahan, & Buettgens, 2014). This change in working hours for workers will reduce their earnings.

Organizations also wonder what the impact will be on their enrollments in the employer-sponsored plans and if making changes relative to cost sharing will include a loss of enrollment.
to the insurance exchange market (Haught & Ahrens, 2013). The Urban Institute has found that there are many large firms eliminating part-time employee’s health care eligibility thinking that the employee will be better off enrolling in coverage through the marketplace to receive subsidized coverage (Blumberg, et al, 2014). The regulations under the Affordable Care Act that employers are required to adhere to offer benefits to any employee working over 29 hours is a new concept to many organizations. We are now unable to predict with any reliability how businesses will make these future business decisions for hiring or providing benefits to employees. With the Affordable Care Act still in the early implementation, there is no theory that would predict the behavior of employers or employees and their enrollment decisions.

Beyond the actual costs paid by employers, such as the Patient-Centered Outcomes Research Trust Fund fee and the healthcare surcharge for health insurance providers, the employer mandate delay has not yet forced employers to make tough choices. During an interview with management at United Parcel Service (UPS), I discovered that the organization was changing the requirements to enroll families of employees in employee-sponsored healthcare plans as of January 1, 2015. With the employer mandate effective January 1, 2015, UPS will no longer be allowing spouses to be on the employer-sponsored plans if they qualify for insurance through their own employer (Wood, 2014). Although the interview was with one organization, there are other organizations making these types of changes to benefits and who they will allow to enroll (Learner, 2013). The Affordable Care Act does not require that spouses be covered under the employer plans. Instead, the law appears to have provided employers reasons to stop providing coverage they have historically given. This type of change will affect families, as well as smaller businesses, who may not have planned to have these additional employees on their healthcare plans.
Beyond the impact on businesses, individual families may be faced with increased out of pocket costs if they are forced off the employer-sponsored plan. Needing to meet the individual mandate increases the enrollments on the insurance exchange side for those who must come off their spouse’s employer group plans. As spouses come off their partners’ employer health care plans, the mandate requires they be enrolled in a qualified health care plan. Their choice is to either enroll in their employer’s plan, or enroll in one of the plans through the insurance exchange. The Congressional Budget Office found that there would be fewer individuals receiving employment-based health insurance (Banthin & Jacobs, 2012). These reductions are expected as employers consider eliminating their insurance plans. It is not known how many employers will do that, with the decision heavily dependent on the tax subsidies and how they will affect these employees. As employers discover how their employees will access the insurance exchanges or other programs outside of employment-based health insurance, they will begin to make decisions to offer health insurance or not.

In addition to the cost impact, the level of benefits that employers are contemplating has changed. The Affordable Care Act requires certain levels of coverage, including preventative care, elimination of pre-existing conditions, and elimination of waiting periods. These changes are forcing some employers to reconsider their offerings to employees, and others are reducing the coverage they offer (Eibner, et al., 2010). According to a CFO Alliance survey, conducted in December 2014, over 51.4% of participating organizations reported they will be making changes to their health benefit offerings because of the Affordable Care Act (The CFO Alliance, 2015). Several organizations will be reducing coverage to avoid the upcoming “Cadillac” penalty (Piotrowski, 2013). Some employees are offered various levels of benefits by their employers and opt to enroll in the high cost plans, so called “Cadillac plans.” These high cost plans will be
taxed in 2018, or in many cases, employers will eliminate the rich plans altogether to avoid the additional tax (Piotrowski, 2013).

**Costs**

A recent survey did find that employers costs have increased due to the Affordable Care Act regulations and employers predict continued upward pressure on the costs of employer-sponsored medical plans (Wolter Kluwer Law, 2014). Employers have taken on a variety of other costs or fees since the Affordable Care Act has been enacted. These include the Patient-Centered Outcomes Research Trust Fund fee, annual fee on health insurance providers, transitional reinsurance fee, and the excise tax on high cost health insurance, otherwise known as the “Cadillac Tax.” These fees do not account for increased premiums already passed to employers. The estimated increase in employer sponsored health care premiums is expected to be between 1% and 4% due strictly to the Affordable Care Act (Troy & Wilson, 2014).

**Penalties**

There is concern over the impact that penalties will have on any size organization. The decision to continue offering healthcare or pay the penalty continues to be a discussion in a number of businesses. With the cost of healthcare per employee significantly higher than the penalty, employers continue to look at the costs versus benefits between offering the insurance and paying the penalty (Blumberg, Buettgens, Feder, & Holahan, 2012). According to a survey by Cherry Bekaert Benefits, 49.1% of employers made changes to the benefit packages they offer to their employees to reduce costs (Wolter Kluwer Law, 2014). In the survey conducted by the CFO Alliance, 1% of the respondents who are required to offer healthcare benefits to their employees reported they will opt to pay the penalty (The CFO Alliance, 2015). The CFO
Alliance conducted this survey to evaluate how Chief Financial Officers feel about the economy and included several questions relating to the Affordable Care Act. With approximately 600 respondents, this is a small number of organizations; however, if this question was distributed on a wider scale and 1% still opted to pay the penalty, the number of organizations and their employees may be significant.

**Administrative Burden**

The survey conducted in this study also found employers frustrated with the administrative burden of the law. In order to meet the requirement and offer health care benefits to any full-time employee working over 29 hours a week, many organizations have been forced to develop new processes, reduce hours, hire additional staff, and monitor employees classified as part-time employees to ensure compliance. In addition to these new administrative tasks, employers have had to add information to employees' W-2 forms such as the cost of health care premiums paid by the employer (IRS, 2014). Additional reporting to the federal government has already begun and with new reporting requirements due by the end of 2015 (HMS Healthcare, 2012).

**Potential Responses by Individuals**

In February 2014, the Congressional Budget Office issued the Budget and Economic Outlook 2014-2024. This report looks at the estimated number of workers who may quit their jobs or voluntarily reduce their hours because access to health insurance is no longer tied directly to a full time job. Subsidies now offered for required health insurance, increase income and
therefore, is not a strong incentive to be in the workforce (CBO, 2014). The updated projection that over 2 million workers will leave the full time workforce presents a problem for the labor market that was not part of the early debate of the Affordable Care Act. The law reduces subsidies when individuals increase their income. Therefore, many workers consider working less and receiving the greater subsidy, since they consider a reduced subsidy a penalty or tax on the income (Goldfarb & Goldstein, 2014). The impact of this revised estimate of lost workers is a concern for businesses as they review options to offer health insurance or keep hours low to avoid fines for not offering insurance.

Conclusion

One way to understand the Affordable Care Act is to realize that it is changing. There continues to be clarifications to parts of the regulations that are vague, such as the Internal Revenue Service issuing guidance to higher educational institutions and how part time/adjunct faculty will need to be evaluated. Many employees, such as adjunct faculty, are paid on a contract basis depending on the number of credits or courses they teach instead of an hourly basis. The need for ongoing guidance and clarifications has frustrated many employers (Wolter Kluwer Law, 2014). The other way to look at the Affordable Care Act is to understand its complexity. The law is very broad in its reach and attempts to solve many problems surrounding the healthcare system in the United States.

The individual mandate is now required, and with the implementation of the insurance exchanges and available tax subsidies, the question is: what impact will the insurance exchanges have on employer-sponsored programs. Until businesses modify their employer-sponsored plans to reflect changes, the impact remains unknown. There is literature that suggests that some
employees will choose to drop coverage currently offered by their employers due to costs and
cost sharing (Banthin & Jacobs, 2012). Employees will be impacted by the increased costs.
Banthin and Jacobs point out that this reaction by employers was not part of the debate during
the negotiations for the Affordable Care Act.

The full impact of the Affordable Care Act on employers is still unknown since the
employer mandate was delayed until January 1, 2015. We know that the business community
has incurred the increased costs, such as the Patient-Centered Outcomes Research Trust Fund fee
and increases in premiums. However, a complete understanding of all costs is yet to be
determined. In addition to the unknown costs, the impact of the enrollment changes, specifically
employees declining employer-sponsored healthcare remains unknown (Dennis, 2011).

The Affordable Care Act has and will continue to have an impact on businesses across
the country. To determine the significance of the impact on costs and employment, these costs
and changes to employment within businesses needs to be studied. For a law to achieve its
purpose, understanding the impact of the regulations and any positive or negative impact that
comes from the rules is necessary. Without this knowledge, changes or adjustments cannot be
made. Although healthcare is important for citizens, understanding how the Affordable Care Act
regulations affect businesses and their ability to be successful, provide jobs, and provide a
service or product is also important. Knowing the impact on the business community, as well as
the pending potential impact on the economy and job market, is needed to limit the negative
impact on businesses and their employees.

Overall, the literature finds increasing costs for businesses, negative feelings about the
law, and frustration that the law has changed by way of delays and the necessity for
clarifications. These alone have caused increased costs in training and policy revisions by
employers. There is some evidence that employers will change the level of benefits offered, and for some employers, those who actually qualify for benefits.

The studies completed through January 2015 included projections and estimates that discussed the impact of the Affordable Care Act on businesses throughout the United States. Many employers experienced increases in employer-sponsored health care premiums before January 2015. Actual costs, fees, and changes to hiring can now be evaluated to evaluate the impact that the Affordable Care Act is having on businesses now that the employer mandate has gone into effect.
Chapter 3
Methodology

Research Purpose

The employer mandate became effective January 1, 2015. With the Affordable Care Act so early in its implementation, there has been limited research on what has transpired to date. The purpose of this research study was to examine the impact of the Affordable Care Act on costs and fees charged to business organizations, the impact on healthcare benefits, and hiring decisions made by employers. The study gathered data from decision makers in organizations of all sizes and measured the influence that this new law is having on the decisions made about benefits and hiring within these organizations. In addition to evaluating the costs and fees I explored what changes organizations are making to the employer-sponsored insurance programs offered to employees.

Research Design

I used a mixed-methods approach in collecting data with surveys and semi-structured interviews. The surveys were distributed in January 2015 and the interviews were completed by the end of February 2015. Collecting data that is both qualitative and quantitative provided the information necessary to determine the impact on businesses, including the types of costs or fees that impacted the business, the changes in benefits that were made, the decisions by employers in hiring processes, and the process of decision making related to growth or expansion used in a business.

In order to collect data, I designed a survey to understand the changes in benefits, changes in hiring, and the increase in costs or fees influenced by the Affordable Care Act. A
survey allowed me to collect information about the changes due to the Affordable Care Act and understand why organizations made the decisions to make changes. To gain information about decisions relating to hiring and staffing changes and how the Affordable Care Act has influenced decision-making in businesses, qualitative data also was needed. The use of semi-structured interviews with participants of the survey followed the survey. These interviews further clarified information gathered in the survey and provided a further understanding about why there were changes in hiring and changes to benefit plans offered. This research looked at patterns in both changes in costs for each type of organization as well as patterns between organizations to determine whether changes in expenses were due specifically to the Affordable Care Act.

**Research Questions**

The research questions in this study are:

1. What role do the cost and fees associated with the Affordable Care Act have in decision making on staffing and benefits in a business?

2. What changes in employee benefit plans are being influenced by the Affordable Care Act?

3. How is the Affordable Care Act influencing business decisions in staffing to add, reduce, or adjust between full-time or part-time employees?

**Measures and Variables**

This research was designed to examine the influence that the Affordable Care Act is having on businesses. The survey collected demographic data including industry, geographic location, and the size of the organization. The survey was not limited to specific sized organizations, defined as the number of employees in the organization. The variables are the fees
paid by the businesses surveyed and include the direct fees and the increase in premiums paid for employer-sponsored insurance plans since the implementation of the Affordable Care Act. These variables were used to measure if there was a financial impact to organizations. The survey collected data on the types of fees or costs that may have increased business operating costs. To measure the changes organizations have made to the employer-sponsored health insurance plans the survey-collected data on the types of changes to benefit levels, including deductible levels, co-pay changes, the implementation of a health reimbursement account, or other changes to the employer-sponsored plans since the implementation of the Affordable Care Act. The research was also designed to measure the hiring decisions due to the employer-mandate. Evaluating the influence the mandate is having on businesses to hire full or part time employees will answer the question of how the Affordable Care Act is influencing the hiring practices.

The interviews conducted explored the impact of the Affordable Care Act on the growth and expansion of organizations and the impact that the law has had on the overall decision-making within the business.
Table 3.1 Description of variables

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<tbody>
<tr>
<td>Fees Paid</td>
</tr>
<tr>
<td>New fees paid such as Patient-Centered Outcome Research Trust Fund fee, Reinsurance Fee, or other required fees under the ACA</td>
</tr>
<tr>
<td>Costs</td>
</tr>
<tr>
<td>Change in employee-sponsored healthcare premiums</td>
</tr>
<tr>
<td>Benefit changes - Changes in co-pay</td>
</tr>
<tr>
<td>Employee-sponsored plan change in co-pay</td>
</tr>
<tr>
<td>Benefit changes - Increase in deductible</td>
</tr>
<tr>
<td>Employee-sponsored plan increase in deductible</td>
</tr>
<tr>
<td>Full time hiring</td>
</tr>
<tr>
<td>Hire employees who work 30 or more hours</td>
</tr>
<tr>
<td>Part time hiring</td>
</tr>
<tr>
<td>Hire employees who work under 30 hours</td>
</tr>
<tr>
<td>Hiring practices</td>
</tr>
<tr>
<td>Decision to hire part-time employees in lieu of full-time employees</td>
</tr>
<tr>
<td>Type of Advisor</td>
</tr>
<tr>
<td>Use of insurance broker, healthcare consultant or other third party to recommend benefit plan changes</td>
</tr>
<tr>
<td>ACA employer mandate regulation</td>
</tr>
<tr>
<td>Law influenced changes in benefits or hiring</td>
</tr>
</tbody>
</table>

**Survey Sample Population**

The target respondent was the person who makes decisions regarding benefits and hiring within their organization. Typically, this is the Chief Human Resource Officer. This position has the information on costs, fees, and changes to benefit offerings that are needed to answer the research questions. Smaller organizations may use different titles, such as Vice President or Director of Human Resources.

The sample size for this survey was 147 providing an appropriate cross-section of industries and differently sized organizations to evaluate the influence that the Affordable Care
Act has had on business decision making. Respondents were located throughout the country (see Table 3.2), allowing me to analyze any geographic variation in the impact of ACA.

### Table 3.2 Geographic Location of Business/Organization

<table>
<thead>
<tr>
<th>Geographic Location</th>
<th>N</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>23</td>
<td>15.5%</td>
</tr>
<tr>
<td>West Coast</td>
<td>21</td>
<td>14.2%</td>
</tr>
<tr>
<td>South</td>
<td>40</td>
<td>27.0%</td>
</tr>
<tr>
<td>Midwest</td>
<td>44</td>
<td>29.7%</td>
</tr>
<tr>
<td>New England</td>
<td>8</td>
<td>5.4%</td>
</tr>
<tr>
<td>Northeast</td>
<td>21</td>
<td>14.2%</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>147</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

The survey collected industry information to assist in determining if the impact of the Affordable Care Act was specific to industry. Table 3.3 provides this breakdown.
Table 3.3 Survey Respondents, by Industry

<table>
<thead>
<tr>
<th>Industry</th>
<th>N</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare</td>
<td>4</td>
<td>2.8%</td>
</tr>
<tr>
<td>Non-Profit</td>
<td>37</td>
<td>25.1%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>90</td>
<td>61.1%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2</td>
<td>1.4%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>3</td>
<td>2.1%</td>
</tr>
<tr>
<td>Government</td>
<td>7</td>
<td>4.7%</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>2.8%</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td><strong>147</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

**Data Collection Procedures**

I worked with a national organization, College and University Professional Association-Human Resources (CUPA-HR). CUPA-HR’s membership makeup includes colleges and universities throughout the country. Each member allows for individuals within the organization to receive information available through CUPA-HR. A primary representative is the individual within the member organization who receives key correspondence, is the key point person, and can add or change the representatives under the membership. CUPA-HR distributed the survey to a random sample of members within the organization, which distributed to the primary representative of the membership to ensure that only one survey would be completed by an organization. These individuals represent decision makers of employee benefits and hiring, as well as those who understand the premium changes these organizations. I also sent email recruitments to organizations such as the Society for Human Resource Management, CFO, CFO Alliance, the Institute of Management Accountants, and senior leaders within organizations that I located using LinkedIn or on websites with contact information available to the general public.
The survey was developed using SoGoSurvey, an online survey tool. The survey can be found in Appendix D. The link to the survey was distributed by email. I used skip logic to make the experience of completing the survey more efficient, allowing for a shorter survey experience for the respondent. Additionally, the use of the skip logic design encourages a greater percentage of respondents will complete the survey. Skip logic also provides for a customized survey for the respondent and eliminates confusion around questions that would not be relevant to that particular respondent. For example, a question was asked if the organization had changed its benefit plans due to the Affordable Care Act. If the respondent answered yes, the survey would skip to the next question that asked for the changes that had been made. This same logic was used for questions on the influences of hiring and the increased costs or fees employers had experienced due to the Affordable Care Act. There were three survey questions to determine the influence the Affordable Care Act had relating to staffing, benefits, and costs/fees. If the respondent answered yes to any of these, additional questions related to the specifics of the costs/fees or benefit changes that impacted the organization. Each of the 147 survey responses were completed in full. SoGoSurvey provides an Excel spreadsheet of the data collected.

As part of the survey I invited the respondents to participate in a one-on-one interview. If they were interested, they provided contact information in the survey. The contact information was removed from the data during the analysis to preserve the confidentiality of the respondents. I conducted semi-structured interviews with nine respondents to gain additional data about what influenced any changes in benefits or hiring that their business has experienced. Seven of the interviewees represented the higher education industry and two represented private business. Interviews were conducted by phone using freeconferencecall.com and recorded with permission. The average interview lasted approximately 15 minutes.
Data Analysis

The transcribed interviews were imported into Dedoose, a computer assisted qualitative data analysis software application, for coding. The survey data was loaded into SPSS (Software Package for Statistics and Stimulation) for statistical analysis.

A number of descriptive statistical calculations were conducted on the independent and dependent variables. This analysis included frequency calculations, t-tests, and cross-tabs. My statistical analysis tested three hypotheses:

- Increased costs as a result of the Affordable Care Act are related to a decrease in benefits
- Increased costs as a result of the Affordable Care Act are related to hiring fewer full time employees;
- Increased costs as a result of the Affordable Care Act are related to hiring more part time employees.

I coded the interviews using the codebook found in Appendix C. These codes helped to measure trends in decision-making, organizational understanding of the law, impact on employees, influences by advisors, and the impact on the future growth of the organization.

After coding excerpts within each of the interviews, a co-occurrence report was generated out of Dedoose highlighting the codes that overlapped. This helped with understanding the relationship between measures. Code frequency tables were also generated. This helped to identify common and uncommon themes across participants.
Limitations of the research

A significant percentage of respondents were from higher education. Attempts to generate additional responses from other industries were unsuccessful. The hiring practices found in higher education may not apply to other industries. The type of contract hiring in higher education related to adjunct faculty employees is different from most other industries.

The New England region had the lowest percentage of participants in the survey. The patterns found in this survey may not apply to the New England region. Low participation from the New England region may have impacted the results of the study. Organizations in New England may have different experiences relative to the Affordable Care Act due to weather or the proximity to healthcare facilities in large cities throughout the region.

Ethics

This project did involve surveys and interviews with professional business representatives. For this reason, IRB review was required. This research project received approval from the Northeastern University’s Institutional Research Board (IRB). A copy of the approval can be found in Appendix A. The study followed all ethical protocols approved by Northeastern University’s IRB.

Survey participants were anonymous, unless they agreed to a personal interview. One question asked if the respondent was interested in a personal interview, and at that time, contact information was collected if they answered yes. In order to protect the anonymity of those surveyed, I kept a codesheet in Dedoose that cross-references an identifier in the spreadsheet holding the survey results. The contact information was removed and replaced with the
anonymous identifier in the spreadsheet holding the survey data. Once my thesis is approved and complete, the codesheet will be destroyed.

The subject of the Affordable Care Act or the information collected through the survey does not pose a risk of harm to the individual providing information, or to the business, that information is being provided on behalf of. The survey did not request the name of the organization. Therefore, there is minimal risk to any business reputation.

As part of the survey, an unsigned consent form was presented to the respondent on the first page and required the participant to check they read and understood the form. Each individual interviewed was provided, by email, an unsigned consent form (see Appendix B) and was asked at the beginning of each interview if there were any questions regarding the interview or the process. I also obtained permission from the individual interviewed to record the interview before setting the call to record. I hired a professional transcriptionist to transcribe the calls verbatim into a Word document.

The electronic data collected is stored on a laptop computer, in a password-protected file. The laptop is stored in the locked personal office of the student researcher and requires a user name and password to access any of the information stored in it.
Chapter 4
Results

Description of the sample

The survey produced 147 responses and nine one-on-one interviews. The survey responses represent a variety of industries from all areas of the United States. The Midwest and South accounted for almost 50% of the responses. Organizational size, by employee count, also varied with the majority of organizations having more than 100 employees. The average number of employees among respondent’s organizations was 1,144. The Affordable Care Act requirements vary for employers under 50 full-time equivalent and for those employers with greater than 50 full-time equivalents.

The survey produced 61.9% of responses from higher education and 25.2% of responses from the non-profit industry. The healthcare and professional services industries produced 2.7% and 2.0% responses respectively. Other industries with one or two responses are manufacturing, insurance, technology, and construction.

Table 4.1 provides details of the major demographic data, industry, size of organization, and geographic location. The interviews were conducted with individuals who volunteered for a one-on-one phone interview. A total of twelve individuals volunteered to be interviewed and nine interviews were completed.
<table>
<thead>
<tr>
<th>Demographic</th>
<th>Description</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geographic Region</td>
<td>Northeast</td>
<td>34</td>
<td>23.1%</td>
</tr>
<tr>
<td></td>
<td>West Coast</td>
<td>21</td>
<td>14.3%</td>
</tr>
<tr>
<td></td>
<td>South</td>
<td>40</td>
<td>27.2%</td>
</tr>
<tr>
<td></td>
<td>Midwest</td>
<td>44</td>
<td>29.9%</td>
</tr>
<tr>
<td></td>
<td>Northwest</td>
<td>8</td>
<td>5.4%</td>
</tr>
<tr>
<td>Industry</td>
<td>Higher Education</td>
<td>91</td>
<td>61.9%</td>
</tr>
<tr>
<td></td>
<td>Non-Profit</td>
<td>37</td>
<td>25.2%</td>
</tr>
<tr>
<td></td>
<td>Government</td>
<td>7</td>
<td>4.8%</td>
</tr>
<tr>
<td></td>
<td>Healthcare</td>
<td>4</td>
<td>2.7%</td>
</tr>
<tr>
<td></td>
<td>Professional Services</td>
<td>3</td>
<td>2.0%</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>5</td>
<td>3.5%</td>
</tr>
<tr>
<td>Size of Organization (number of employees)</td>
<td>0-50</td>
<td>5</td>
<td>3.4%</td>
</tr>
<tr>
<td></td>
<td>51-100</td>
<td>4</td>
<td>2.7%</td>
</tr>
<tr>
<td></td>
<td>101-500</td>
<td>39</td>
<td>26.5%</td>
</tr>
<tr>
<td></td>
<td>501-1500</td>
<td>54</td>
<td>36.7%</td>
</tr>
<tr>
<td></td>
<td>1501-2500</td>
<td>16</td>
<td>10.9%</td>
</tr>
<tr>
<td></td>
<td>2501-999999</td>
<td>29</td>
<td>19.7%</td>
</tr>
</tbody>
</table>
Costs and Fees

The costs and fees associated with the Affordable Care Act is a concern for over 69% of the respondents, and 15.6% indicating no increase in costs associated with the law (see Table 4.2). Cross-tabulation analysis show that 75.6% of non-profit organizations and 66.6% of higher education organizations reported increased costs due to the Affordable Care Act regulation.

Table 4.2 Increased Costs Due to Affordable Care Act

<table>
<thead>
<tr>
<th></th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>102</td>
<td>69.4%</td>
</tr>
<tr>
<td>No</td>
<td>23</td>
<td>15.6%</td>
</tr>
<tr>
<td>Not sure</td>
<td>22</td>
<td>15.0%</td>
</tr>
<tr>
<td>Total</td>
<td>147</td>
<td>100%</td>
</tr>
</tbody>
</table>

These organizations have experienced increased costs in several categories, such as the Patient-Centered Outcomes Research Trust Fund fee, Reinsurance Fee, and employer sponsored healthcare premium increases (see Figure 4.1). According to the survey, 16.3% of the respondents indicated there were other increases in fees, while 8.8% were unable to indicate the type of cost or fee. The other costs/fees noted by survey respondents included additional individuals enrolled in employer-sponsored healthcare plans and tax payments.
A review of increased costs related to the Affordable Care Act by geographic location did not show any significant trend. The highest impact on costs related to the Affordable Care Act was in the South at 77.5%. The Midwest and the Northeast at 75.0% and 63.6% respectively show an increase in costs by organizations related to the Affordable Care Act (See Table 4.3).
Table 4.3 Increased Costs Related to the Affordable Care Act, by Geographic Region

<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Increased Costs</th>
<th>%</th>
<th>No Increased Costs</th>
<th>%</th>
<th>Unsure</th>
<th>%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>East</td>
<td>14</td>
<td>60.9%</td>
<td>3</td>
<td>13.0%</td>
<td>6</td>
<td>26.1%</td>
<td>23</td>
</tr>
<tr>
<td>West Coast</td>
<td>12</td>
<td>57.1%</td>
<td>4</td>
<td>19.0%</td>
<td>5</td>
<td>23.8%</td>
<td>21</td>
</tr>
<tr>
<td>South</td>
<td>31</td>
<td>77.5%</td>
<td>5</td>
<td>12.5%</td>
<td>4</td>
<td>10.0%</td>
<td>40</td>
</tr>
<tr>
<td>Midwest</td>
<td>33</td>
<td>75.0%</td>
<td>6</td>
<td>13.6%</td>
<td>5</td>
<td>11.4%</td>
<td>44</td>
</tr>
<tr>
<td>Northeast</td>
<td>7</td>
<td>63.6%</td>
<td>3</td>
<td>27.3%</td>
<td>1</td>
<td>9.0%</td>
<td>11</td>
</tr>
<tr>
<td>Northwest</td>
<td>5</td>
<td>62.5%</td>
<td>2</td>
<td>25.0%</td>
<td>1</td>
<td>12.5%</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>102</strong></td>
<td><strong>69.4%</strong></td>
<td><strong>23</strong></td>
<td><strong>15.6%</strong></td>
<td><strong>22</strong></td>
<td><strong>15.0%</strong></td>
<td><strong>147</strong></td>
</tr>
</tbody>
</table>

**Hiring and Staffing**

In this survey, 37.4% of the respondents indicated that they have made changes to their hiring practices because of the Affordable Care Act (see Table 4.4). The changes noted by the survey respondents include limiting the number of hours worked by part-time employees. Over 12% of respondents have changed their hiring decisions and now hire a majority of part-time employees in lieu of full-time workers. These survey respondents limited part-time hours for employees between 25 and 29 hours per week and did not hire full-time employees unless they included the cost of benefits in the decision making process. One respondent did indicate that they were hiring full-time employees in lieu of part-time, although in a limited way, while another indicated changing the organization definition of benefits eligible to match the Affordable Care Act definition. Over 62% of survey respondents reported that they did not change their hiring practices because of the Affordable Care Act (see Table 4.4).
Table 4.4 Changes in Hiring Practices

<table>
<thead>
<tr>
<th>Response</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>55</td>
<td>37.4%</td>
</tr>
<tr>
<td>No</td>
<td>92</td>
<td>62.6%</td>
</tr>
<tr>
<td>Total</td>
<td>147</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Results from a cross-tabulation analysis of changes in hiring practices by industry reveal that 41.1% of higher education organizations made changes in their hiring practices (see Table 4.5). The interview participants, representing higher education institutions, further explained that these changes in hiring practices were directly related to how the industry was looking at adjunct faculty hires because of the Affordable Care Act. The non-profit segment reported that almost 30% made changes in hiring practices and 35% of all other industries who responded to the survey reported changes in hiring practices.

<table>
<thead>
<tr>
<th>Type of Industry</th>
<th>Changes in Hiring Practices</th>
<th>Percentage</th>
<th>No Changes in Hiring Practices</th>
<th>Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit</td>
<td>11</td>
<td>29.7%</td>
<td>26</td>
<td>70.3%</td>
<td>37</td>
</tr>
<tr>
<td>Higher education</td>
<td>37</td>
<td>41.1%</td>
<td>53</td>
<td>58.9%</td>
<td>90</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>35.0%</td>
<td>13</td>
<td>65.0%</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>55</td>
<td>37.4%</td>
<td>92</td>
<td>62.6%</td>
<td>147</td>
</tr>
</tbody>
</table>

Seventy percent of respondents reported hiring employees during the prior twelve months and 53% reported a plan to hire employees over the next twelve months, a decrease of over 17%
Among those who report decreasing their hiring, 45.8% of respondents will reduce full-time hires and 39.3% plan to reduce part-time hires. Of those organizations who indicated the Affordable Care Act had influenced their hiring practices, 75% indicated a decrease in hiring over the next twelve months compared to the prior twelve months.

One hundred four respondents reported hiring employees in the prior twelve months and only seventy-eight reported a plan to hire employees in the next twelve months (see Table 4.6). The survey data results indicate a decrease in the hiring of full-time and part-time employees, with the largest decrease in full-time hiring.

Table 4.6 Employers Hiring Past and Future Planning

<table>
<thead>
<tr>
<th></th>
<th>Hired Employees in Prior 12 months Count</th>
<th>Percentage</th>
<th>Hired Employees in Next 12 months Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>104</td>
<td>70.7%</td>
<td>78</td>
<td>53.1%</td>
</tr>
<tr>
<td>No</td>
<td>40</td>
<td>27.2%</td>
<td>57</td>
<td>38.8%</td>
</tr>
<tr>
<td>Not Sure</td>
<td>3</td>
<td>2.0%</td>
<td>12</td>
<td>8.2%</td>
</tr>
<tr>
<td>Total</td>
<td>147</td>
<td>147</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results from the survey show that 70% of respondents increased hiring in the previous twelve months compared to 53% who plan to hire in the next twelve months (see Figure 4.2). The number of organizations who decreased hiring in the prior twelve months is higher than those who plan to decrease hiring in the next twelve months.
Further analysis using a cross-tabulation table showed that 37.8% of non-profit and 43.3% of higher education organizations were influenced by the Affordable Care Act in how they would make hiring decisions between full-time and part-time hires (see Table 4.7).

**Table 4.7  Hiring Decisions Influenced by the Affordable Care Act, by Industry**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Influenced</th>
<th>Percentage</th>
<th>Not Influenced</th>
<th>Percentage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit</td>
<td>14</td>
<td>37.8%</td>
<td>23</td>
<td>62.2%</td>
<td>37</td>
</tr>
<tr>
<td>Higher Education</td>
<td>39</td>
<td>43.3%</td>
<td>51</td>
<td>56.7%</td>
<td>90</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>30.0%</td>
<td>14</td>
<td>70.0%</td>
<td>20</td>
</tr>
<tr>
<td>Total</td>
<td>59</td>
<td>88</td>
<td>147</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Employee Benefit Plans

Due to the regulations of the Affordable Care Act, greater than 39% of survey respondents have changed the benefit plans offered to their employees (see Table 4.8). There were different reasons given for making changes to their benefit plans. Approximately 10% indicated their organization was influenced by two or more reasons to make changes to their employer-sponsored health insurance benefit plan. Over 61% of respondents reported that their organization was not influenced by the Affordable Care Act to make any changes to their employer-sponsored health insurance benefit plan.

Table 4.8 Changes in Benefits

<table>
<thead>
<tr>
<th></th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experienced Changes</td>
<td>56</td>
<td>38.1%</td>
</tr>
<tr>
<td>Experienced No Changes</td>
<td>89</td>
<td>60.5%</td>
</tr>
</tbody>
</table>

The data collected indicated there were two major changes to benefit plans noted by respondents. The most common changes were increased deductible levels or co-pays that employees are responsible to pay for. The results of the analysis shows 38% of respondents adjusted the deductible levels within their health insurance plans, while 35% increased the co-pays employees were responsible (see Figure 4.3). Only 5% reported adding a Health Reimbursement Account, however, 22% reported other changes in benefits such as adjusting cost-sharing, prescription changes with co-pays, and increasing out-of-pocket expenses. The other changes noted by survey respondents include the excise fee for high cost plans known as
the “Cadillac Tax” the need to control overall costs, and increased administrative costs to manage the Affordable Care Act regulations.

**Figure 4.3 Change in Benefits**

![Graph showing changes in benefits]

The correlation analysis indicates that the Affordable Care Act mandate and other portions of the law are significantly and positively related to changes in benefits (see Table 4.9).

**Table 4.9 Correlation between Increased Costs due to ACA and Changes in Benefits**

<table>
<thead>
<tr>
<th>Experienced Changes to Benefits</th>
<th>Pearson Correlation</th>
<th>Sig (1-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Deductible</td>
<td>.228**</td>
<td>.003</td>
<td>147</td>
</tr>
<tr>
<td>Co-Pays</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Add Health Reimbursement Account</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (1-tailed).**
A cross-tabulation review indicates that 51.3% of non-profit organizations and 30% of higher education organizations surveyed made changes to benefits. Non-profit organizations changed benefits to a greater degree than other industries (see Table 4.10).

<table>
<thead>
<tr>
<th>Industry</th>
<th>Experienced Change to Benefits</th>
<th>%</th>
<th>No Change to Benefits Experienced</th>
<th>%</th>
<th>Unknown if Changes in Benefits</th>
<th>%</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-profit</td>
<td>19</td>
<td>51.4%</td>
<td>18</td>
<td>48.6%</td>
<td>0</td>
<td>0.0%</td>
<td>37</td>
</tr>
<tr>
<td>Higher Education</td>
<td>27</td>
<td>30.0%</td>
<td>61</td>
<td>67.8%</td>
<td>2</td>
<td>2.0%</td>
<td>90</td>
</tr>
<tr>
<td>Total</td>
<td>46</td>
<td>36.2%</td>
<td>79</td>
<td>62.2%</td>
<td>2</td>
<td>1.6%</td>
<td>127</td>
</tr>
</tbody>
</table>

Use of Advisors

The majority of survey respondents indicate the use of insurance brokers to make their decisions (see Table 4.11). Organizations with 101-1500 employees show a trend in using insurance brokers to advise how employer-sponsored benefit plan packages should be designed. Seventy four percent of survey respondents with 101-500 employees use these brokers. Most of those interviewed reported that advisors are an important part of the design process for employer-sponsored benefit packages to ensure compliance with the Affordable Care Act and to control premium costs.
Table 4.11 Type of Advisor

<table>
<thead>
<tr>
<th>Type of Advisor</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Provider</td>
<td>12</td>
<td>8.2%</td>
</tr>
<tr>
<td>Healthcare Consultant</td>
<td>21</td>
<td>14.3%</td>
</tr>
<tr>
<td>Insurance Broker</td>
<td>83</td>
<td>56.5%</td>
</tr>
<tr>
<td>Other</td>
<td>29</td>
<td>19.6%</td>
</tr>
<tr>
<td>None</td>
<td>2</td>
<td>1.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>147</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

**Senior Leadership**

Most interview participants reported feeling that the senior leadership at their organizations understand the Affordable Care Act at some level. Many interview participants reported that senior leaders have been involved in the training on the Affordable Care Act regulations, while other senior leaders have a general understanding of the law equal to many of their employees.

**Administrative Burden**

Other changes in hiring practices include tracking hours, increased reporting requirements, reevaluating full time positions when vacant, and the administrative burden on employees within benefit offices to adhere to compliance reporting.

The impact to employees is reported as negative according to those who participated in the interviews. The most significant impact is the monitoring of hours and in most cases the decrease of hours to employees. Any decrease in hours results in a decrease of wages. In
addition, each of the changes to employee benefit packages represents a reduction in compensation for the employee.

The regulations that employers are required to follow include tracking hours for employees and special reporting, just to name a few. Most interview participants expressed frustration with these regulations, with many stating they needed to hire additional staff just to manage the additional requirements. The decision to hire part-time staff to manage health care costs has also resulted in increased recruiting expenses and administrative burdens to manage the hiring.

**Additional Data Collected**

Most interview participants reported negative feelings about the Affordable Care Act. Several of them mentioned concern over changes in the law including the future of healthcare and how the additional regulations will affect their organizations. There was worry and frustration over the Cadillac Tax. This tax is causing companies to review their policies now and influencing the changes they are making to their employer sponsored benefit plans. This tax not be imposed until 2018, but waiting until 2018 was not viewed as an option for these organizations. All of the participants interviewed that discussed the excise tax indicated they would change benefits to avoid paying this additional fee.

The political change in Congress in November 2014 left a few participants wondering how long the Affordable Care Act would remain in full force. Each of the respondents who questioned the long-term viability of the Affordable Care Act did indicate that they were
working towards meeting all the regulations under the Affordable Care Act to remain compliant, and if there were changes made to the law, they would deal with it then.

One participant indicated that one of their employees was upset they would have to take the benefits. Prior to the enactment of the Affordable Care Act the employee was able to be covered under the federal veteran’s insurance program. Once eligible for employee sponsored coverage, they were no longer eligible for this other program. This would increase their costs.

To assist the employee, this employer worked with them to reduce their hours so they would be able to keep their existing benefit program. According to the interviewee, the employee was happy with this solution because she was more concerned about her benefits than she was the few hours pay she lost. While the participant was able to work this out with the employee, the process was not without frustration for both parties.

Most interviewees expressed general concern for the number of regulations businesses must adhere to under the Affordable Care Act legislation. Pending court cases are on the minds of those interviewed and they continue to adjust their internal policies to ensure compliance and reporting requirements.
Chapter 5

Recommendations and Conclusions

The Affordable Care Act is a complex piece of legislation that has impacted businesses several ways, including influencing hiring practices and changes to benefits, and increased costs for many businesses. The data collected in the survey and during the interviews detail the influence that this law has had on businesses. Much of the information collected does not indicate all employers are impacted; however, it is clear that there is a growing concern and that further studies will need to be done to monitor the impact of the law on businesses.

The impact on hiring and the change in hiring practices is concerning, and one that will need to be quantified in future studies. The timing of this survey was during the first month the employer mandate was in place. Many organizations had already changed their practices to meet the regulations of the Affordable Care Act. However, during the interviews a few of the leaders noted that there was ongoing discussions with their unions regarding benefit and hiring changes. This information suggests that although the employer mandate has been enacted, the full impact to businesses is not fully known.

Recommendations

After careful review of the data collected, there are three recommendations that the data supports. The recommendations require action by Congress and support by the President. These recommendations are:

- Elimination of the Employer Mandate; and/or
- Redefinition of the benefit eligibility; and
• Elimination of the Patient-Centered Outcome Research Trust Fund Fee.

Elimination of the Employer Mandate

The employer mandate has several parts that have impacted businesses negatively. The results show employers have experienced increased healthcare premiums in employer-sponsored benefit plans. The increases were due to fees charged to insurance providers that were passed along to employers and higher premiums to cover the additional coverages now required to meet the healthcare minimum coverage. This includes preventative care and the eligibility of dependents to remain on parent’s policies until they are 26 years old. The elimination of the employer mandate can only help businesses. The parts of the law, according to the survey and interviews that influenced businesses include the costs and fees associated with the Affordable Care Act, the changes made by employers to the benefits offered to its employees, and the change in hiring practices throughout the country.

Costs and Fees

The results show almost 70% of respondents experienced an increase in costs and fees associated with the Affordable Care Act. Most of these respondents noted the Patient-Centered Outcomes Research Trust Fund fee and the Reinsurance Fee as the most significant increase in fees, followed by the employer sponsored healthcare premium costs. The increase in costs and fees has forced employers to make changes to benefits and hiring. Under the employer mandate, employers have experienced increases in employer-sponsored benefit plan premiums and fees
that are required to be paid. By eliminating the employer mandate, costs and fees will also be eliminated, therefore benefiting both the organization and the employee.

Seventy percent of employers with over 101 employees have experienced an increase of costs due to the Affordable Care Act. According to the survey results, non-profit and higher education organizations have experienced significant increases. Higher education interview participants expressed their concerns with the increased costs with the pressure on maintaining tuition charges. Since approximately 87% of survey respondents were from these two industries, additional research is needed to be completed to determine if these trends are found in other industries.

The requirement for specific levels of healthcare coverage mandated under the law is the primary driver of increased healthcare premiums. The increased charges are passed along to the employer and increased their health insurance benefit costs. It would take time for health insurance premium costs to decrease. However, the expectation is that decreases in health insurance costs, directly related to the Affordable Care Act, would be passed along to the employer. Studies by the Urban Institute discuss opportunities for small businesses to see decreases in premium costs if these fees are removed (Blumberg, Holahan, & Buettgens, 2014). Increases in employer-sponsored premiums passed along after the enactment of the Affordable Care Act would be expected to stabilize if the employer mandate was eliminated.

**Employer Sponsored Benefit Changes**

Besides the impact of costs, the data collected in the survey shows that employers are reducing the level of benefits that they are offering to their employees. Consequently, new costs
and fees associated with the Affordable Care Act leading to a change in employer-sponsored benefit plans has impacted employees directly. Employees covered under these plans are now responsible for higher out-of-pocket costs. Increasing deductibles and co-pays, means less money for employees. Other portions of the employer mandate coming in 2018 will tax organizations for providing high cost plans to their employees. This is another concern brought out by employers during the survey. These additional costs are forcing employers to reduce benefits offered.

The data collected during the survey and interviews showed that the Affordable Care Act influenced employer benefit changes. The results indicate that employer-sponsored benefit changes made by non-profit organizations and higher education organizations were highly influenced by the Affordable Care Act when compared to other industries.

Employer sponsored benefit premium costs have been increased as healthcare providers have passed along fees charged to these providers under the Affordable Care Act. This is consistent with previous studies that find an average increase of 2-4% in premiums costs caused by the Affordable Care Act requirements.

The cost of healthcare per employee is well above the penalty of $2,000 or $3,000 for not offering healthcare to employees who meet the criteria. An amendment to the law eliminates the need to choose between paying the penalty and providing healthcare insurance. Additionally, the excise tax for rich benefit plans scheduled to take effect in 2018, has impacted the level of benefit plans offered to employees. Eliminating this portion of the mandate will allow employers to decide the level of benefits they can offer to their workers. During the interviews conducted in this study, employers indicated that as all parts of the law are enacted, there will be little incentive to provide rich benefits to employees. The excise tax that will be applied to employers
for offering rich benefits are forcing employers to eliminate these benefit options for their employees. Today, one of the competitive labor forces is the benefit choices between employers. Employees who evaluate job opportunities look at total compensation packages, including health benefit options. Two interview participants noted that after they eliminated the rich benefit option for potential employees, candidates were less interested in the opportunity. Once this is removed from the marketplace, benefits will not be the driving force to be competitive. This could lead more employers to agree to pay the fee for not offering benefits and push all employees to the insurance exchange. Moreover, mandating these levels by penalizing organizations for offering richer benefits than the government has said is required, was viewed as unfair by employers interviewed in this study, and could prevent businesses ability to compete for the type of employees they want to hire.

Second, businesses have seen an increase in the number of employees they have added to their benefit plans to meet the requirements of the Affordable Care Act. The requirement to offer insurance to employees working over 29 hours has increased the enrollment in these plans. This resulted in increasing the overall total cost of providing health insurance incurred by employers. As those interviewed in this study have noted, the additional requirement to add these workers to benefit plans has become a burden to many organizations. The elimination of the employer mandate may reduce some fees required to be paid, it reduces the total expense of health insurance incurred by businesses.
**Hiring and Staffing**

Beyond the healthcare plans offered to employees, the Affordable Care Act has influenced hiring and staffing decisions in organizations. Organizations have attempted to control costs by limiting the number of employees eligible for benefits. The hours worked by employees have been impacted, reducing the wages for these hourly workers. To eliminate the need to offer employer-sponsored health insurance to some employees, employers reduced hours to avoid paying healthcare premiums for these employees.

The Affordable Care Act increased costs and need for administrative oversight, therefore increasing expenses, especially in higher education. Greater than 41% of higher education organizations have made changes in their hiring practices due to the Affordable Care Act. Many of these organizations noted the need to reduce the number of credits or courses taught by their part-time (adjunct) faculty. Prior to the Affordable Care Act, higher education institutions would hire part-time faculty to teach courses by contracting them per credit or course. This process classified them as part-time employees who were not eligible for employer sponsored benefits. The Affordable Care Act’s requirement to quantify hours for all employees within an organization has forced employers to assign hours to these contracts to determine which employees are working greater than 29 hours a week. Higher education organizations have received guidance from the Internal Revenue Service with how to apply weekly hours to credits taught. Interviews revealed the difficulty to monitor hours, and the need to increase the number of faculty teaching part-time to avoid significantly increasing benefit expenses by offering benefits to adjunct faculty teaching above the hours under the law.

With the high cost of benefits, many institutions have changed the hiring process for part-time faculty and now limit the number of courses these part-time faculty can teach. The cost of
benefits being one of the drivers of this change. This change in hiring practice, for this industry specifically has affected part-time faculty’s ability to earn wages at the same level than they did before the Affordable Care Act, as well as increase administrative burden on organizations.

The employer mandate requirement that defines benefit eligible employees working over 29 hours is expensive and has negatively impacted both employers and employees. Employers would benefit from the elimination of this portion of the law since it negatively impacts employers’ hiring plans. Employers are hiring part-time workers in lieu of full-time workers to avoid employees being benefit eligible.

The reduction of expenses in organizations could influence hiring decision-making and return hiring levels back to previous levels. The survey indicates a 17% decrease in hiring from the prior twelve months to the next twelve months. Therefore, eliminating the employer mandate would alter the decisions made in organizations since the enactment of the law.

Elimination of the Patient-Centered Outcome Research Trust Fund Fee

The assessment of the Patient-Centered Outcomes Research Trust Fund fee is a major concern of survey respondents and has impacted decisions made by employers. This fee will be assessed until 2019 unless there is a change in the law. However, employers are concerned that it will continue beyond that date. Employers interviewed do not expect to see any benefit from paying this fee and expressed frustration that it was another increased cost charged in addition to being required to provide health insurance to employees working over 29 hours. Two interviewee participants noted this fee was another tax or penalty to push more of the costs onto the backs of employers.
Almost 39% of survey respondents indicated that the Patient-Centered Outcomes Research Trust Fund fee influenced decision making for changing employer-sponsored benefit changes. The elimination of the Patient-Centered Outcomes Research Trust Fund fee reduces the fees assessed to employers directly and reduces the number of factors influencing the changes being made to benefits offered to employees.

**Change the Definition of Benefit Eligible**

A change in the definition of employees who are benefit eligible is another option that would positively impact employers. The adjustment of benefit eligibility assists businesses in controlling costs and reducing administrative burdens in the monitoring of hours.

Changes in the number of hours that trigger healthcare benefits reduce the cost of benefits incurred by a business. A change in eligibility from those who work over 29 hours to 40 hours would allow employers the opportunity to increase hours and increase wages for the part-time workers. By reducing the number of employees covered under the employer-sponsored plans, employers can reduce the costs of premiums incurred by employers.

A change in eligibility will positively impact employees. Increasing hours leads to increasing wages and higher incomes. The data collected in the survey and interviews told a story of employees losing hours, pay, and benefits. With the adjustment in the definition for benefit eligible employees, the employee would benefit directly.

This change addresses findings from the data collected indicating frustrations due to the significant increase in administration and monitoring of hours worked. Today employers are responsible to pay hourly employees who work over 40 hours in a week to meet the overtime
requirements. This rule, already in place, would reduce the additional work required to maintain compliance under the Affordable Care Act.

Besides the administration burden of monitoring hours, increasing the requirements for eligibility limits the confusion around who is eligible under the current regulations. For example, seasonal and temporary employees are concerns for employers. Monitoring the number of hours that these employees work and how many days or weeks they work to avoid triggering employee benefit obligations requires additional monitoring by employers. Employers interviewed in this study expressed concerns that one mistake would be a very expensive mistake. This type of mistake would require employers be obligated to offer benefits to these employees. The survey and interview data collected specifically pointed out adjunct faculty members in a college environment have presented specific problems. With part-time faculty members hired by contract and paid by course/credit in lieu of by the hour, the calculation of when benefits are required has caused a burden on each institution interviewed. Student workers were other concerns expressed by interview participants representing higher education institutions. Higher education representatives were concerned that student workers could be eligible for employer-sponsored health insurance if they work more than 29 hours.

A redefinition of benefit eligibility that increases the 29-hour rule to 40 hours provides the opportunity for student workers to work up to 40 hours, additional contracts for adjunct faculty, and employees in any industry who work 30-39 hours to avoid any reduction in the hours worked. The move to a part-time work force increases administrative costs and higher turnover costs (Blumberg, et. al., 2014).
The Ethics of Individual Choices

Each individual, including business owners, have a right to choose if they want to enroll in a healthcare plan or offer healthcare to employees. As described in Chapter Four, one employer recounted the anger and frustration experienced by an employee who qualifies for better and more affordable benefits as a Veteran than what was offered by her employer. At the request of the employee, her hours were reduced to allow her existing coverage to be maintained. Forcing any individual to make these choices is ethically problematic.

The American value of capitalism supports the notion of any American with a dream to start a business and make a profit without interference by the government. Economic freedom should be protected for businesses. The right to develop policies, including any type of compensation, salary and healthcare benefits, is a civil right for businesses. Being forced to provide benefits, at a certain level and affordable, as defined by the law, is not capitalism, as we know it. The American dream is no longer the same.

The Affordable Care Act has limited the choices available by businesses and their employees. Under the employer mandate, employers are required to offer qualified benefit levels and limited the level of cost sharing with employees. Designing affordable healthcare benefit programs are more difficult since the Affordable Care Act was enacted. The limited choices increased costs for both employers and employees. Changes to the Affordable Care Act can improve the strength of businesses and provide the means necessary to create jobs and provide benefits to these newly hired employees.
Conclusion

Since March 2010, the Affordable Care Act has had a major impact across the country on all citizens. Individuals and employers have been impacted in one way or another. This study specifically looked at the impact that the Affordable Care Act has had on businesses and their employees. As of January 1, 2015, the employer mandate became a reality for organizations across the country. To determine the impact, it was important to speak directly with employers of all sizes and industries to evaluate the influences on decisions made to comply with the law.

Understanding the influences the law has had within organizations provides guidance to legislatures in the future of how employers are impacted. The employer mandate, still new, will continue to impact businesses at different levels. Analyzing the ongoing influences on costs and fees, hiring and staffing, and benefit changes, will allow future planning for healthcare reform and the funding requirements necessary to support the Affordable Care Act.

Changes to this complicated law will not be easy. However, based on the survey data and the interviews conducted, the most efficient way to make the positive changes to allow businesses to save money and create jobs is to eliminate or modify the employer mandate requirements.

The purpose of the Affordable Care Act was to provide accessible and affordable healthcare for all Americans. Even with exceptions based on employer size and the income of individuals, the cost of healthcare has not been addressed. The cost of healthcare has not decreased, but the law has changed who has absorbed the costs. Employers, employees, and taxpayers have seen increases due to the shift in responsibility of healthcare costs. The law does not address lowering the cost of healthcare, only who is paying for the healthcare by forcing individuals to have coverage and employers to offer it.
The Affordable Care Act has encouraged employers and employees to make choices they did not want to make. Reducing benefits, increasing cost-sharing, reducing hours, and redefining eligibility of spouses has hurt employees. The goal of the law was to increase affordability and access, but based on the data collected in this study, it is not clear that this has been achieved.

This research has provided a lot of data at the beginning of a very significant change in healthcare reform. It will be important to continue to study the impact that the Affordable Care Act has on businesses. The trends of changes in hiring practices and benefit changes, specifically by the non-profit and higher education industry sectors, should be looked again when the employer mandate has been in place for at least one year. It is possible that the data collected does not represent the final decisions made after the enactment of the Affordable Care Act. This may be due to fiscal or calendar year benefit plans, or union contracts not yet renegotiated since the enactment of the Affordable Care Act. To determine the impact the law has had on these organizations, future research is needed.

With the change in the political environment in Washington after the November 2014 election, and the presidential election getting underway for 2016, there is strong support by the Republicans to make changes to the Affordable Care Act. As with any change in legislation, it takes time and requires strong support by both Congress and the President. I acknowledge that, as of 2015, the support in both branches may not be strong enough to amend the law. If future studies support these findings, future Congress might be willing to make changes to the Affordable Care Act.

The intent of the law is certainly valid, and with the cost of healthcare increasing at a high level, focusing on changes to costs is an appropriate way to address the issues in healthcare. The concerns of employers are real, especially around costs and hiring. The law has attempted to
fix one problem, but caused concerns on many other levels. Future research on the impact the Affordable Care Act is having, and may continue to have on businesses, should be a topic for further analysis.
References


http://cbo.gov/publication/43090


www.nationallawjournal.com/id=1202664170394/Appeals-Courts-Set-Up-Next-Health-Reform-Fight-for-Justices%3Frcode=0&curpage=2


Patient Protection and Affordable Care Act. (2010, March 23). *Public Law 111-148, Sec. 1513A980H IRC.*


Appendix A - Notification of IRB Action

Date: December 12, 2014
IRB #: CPS14-11-11

Principal Investigator(s):
Naomah Estrella Luna
Paula Amato

Department:
Doctor of Law and Policy
College of Professional Studies

Address:
20 Belvidere
Northeastern University

Title of Project:
Affordable Care Act: Impact on Businesses

Participating Sites:
Permission letters pending

Informed Consent:
Two (2) unsigned consents

DHHS Review Category:
Expedited #6, #7

Monitoring Interval:
12 months

Approval Expiration Date: DECEMBER 11, 2015

Investigator’s Responsibilities:
1. Informed consent form bearing the IRB approval stamp must be used when recruiting participants into the study.
2. The investigator must notify IRB immediately of unexpected adverse reactions, or new information that may alter our perception of the benefit-risk ratio.
3. Study procedures and files are subject to audit any time.
4. Any modifications of the protocol or the informed consent as the study progresses must be reviewed and approved by this committee prior to being instituted.
5. Continuing Review Approval for the proposal should be requested at least one month prior to the expiration date above.
6. This approval applies to the protection of human subjects only. It does not apply to any other university approvals that may be necessary.

C. Randall Colvin, Ph.D., Chair
Northeastern University Institutional Review Board

Nan C. Regina, Director
Human Subject Research Protection

Northeastern University FWA #4630
Appendix B – Unsigned Consent Form

UNSIGNED CONSENT DOCUMENT FOR WEB-BASED ONLINE SURVEYS

Northeastern University, Department of: College of Professional Studies, Doctorate of Law and Policy

Name of Investigators: Principal Investigator: Dr. Neenah Estrelle-Luna; Student researcher: Paula A. Amato

Title of Project: Affordable Care Act: The Impact on Businesses

Request to Participate in Research
We would like to invite you to participate in a web-based online survey. The survey is part of a research study whose purpose is to explore changes in costs, fees, and employee benefit plan and attempt to determine how the Affordable Care Act is influencing business decisions in staffing. This survey should take about 20 minutes to complete.

We are asking you to participate in this study because you are a decision maker in your organization as it relates to employer-sponsored health insurance and hiring practices.

You must be at least 18 years old to take this survey.

The decision to participate in this research project is voluntary. You do not have to participate and you can stop the survey at any time. Even if you begin the web-based online survey, you can stop at any time.

The possible risks or discomforts of the study are minimal. You may feel a little uncomfortable answering sensitive survey questions.

There are no direct benefits to you from participating in this study. However, your responses may help us learn more about how the Affordable Care Act is influencing decision making within business organizations.

You will not be paid for your participation in this study.

Your part in this study is anonymous to the researcher(s). However, because of the nature of web-based surveys, it is possible that respondents could be identified by the IP address or other electronic record associated with the response. Neither the researcher nor anyone involved with this study will be capturing those data. Any reports or publications based on this research will use only group data and will not identify you or any individual or business organization as being affiliated with this project.

If you have any questions regarding electronic privacy, please feel free to contact Mark Nardone, NU’s Director of Information Security via phone at 617-373-7901, or via email at privacy@neu.edu.

If you have any questions about this study, please feel free to contact Paula Amato at amato.p@husky.neu.edu, the person mainly responsible for the research. You can also contact Dr. Neenah Estrelle-Luna, n.estrelleluna@neu.edu, the Principal Investigator.

If you have any questions regarding your rights as a research participant, please contact Nan C. Regina, Director, Human Subject Research Protection, 960 Renaissance Park, Northeastern University, Boston, MA 02115. Tel: 617.373.4588. Email: n.regina@neu.edu. You may call anonymously if you wish.

This study has been reviewed and approved by the Northeastern University Institutional Review Board (# xx-xx-xx).
## Appendix C - Codebook

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>When to Use (Interviews)</th>
<th>When not to use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>Cost of healthcare premiums for employers and increases in contributions passed to employees</td>
<td>Change in cost for employer and/or employee contributions</td>
<td>Change in benefits</td>
</tr>
<tr>
<td>Fees</td>
<td>New Fees associated with ACA paid by employer</td>
<td>Employer refers to concerns of fees and/or additional fees/costs</td>
<td>Change in benefit costs</td>
</tr>
<tr>
<td>Regulation</td>
<td>Regulations within the ACA that have not been enacted through January 2015</td>
<td>Organizations outline regulations that have not taken effect yet. Example: “Cadillac tax”</td>
<td>Individual mandate or other changes from the ACA that was enacted before January 1, 2015</td>
</tr>
<tr>
<td>Hiring Planning/Process</td>
<td>Changes an employer will make in response to ACA regulations</td>
<td>Discussion of additional or reduced hiring and/or change in hours</td>
<td>If employers relate these changes to benefit changes</td>
</tr>
<tr>
<td>Staffing</td>
<td>Change in hiring philosophy</td>
<td>Decision to hire part time vs. full time</td>
<td>Changes in hours to existing employees or benefits</td>
</tr>
<tr>
<td>Changes in Benefits</td>
<td>Any change made to benefits by employer</td>
<td>When changes are made in the benefit package for healthcare offered to employees, ie: change in deductibles, etc.</td>
<td>Relating to costs of the benefits</td>
</tr>
<tr>
<td>Organizational understanding</td>
<td>When senior leadership understands the law and how it impacts the organization</td>
<td>Only when related to understanding of the ACA and the impact on the business</td>
<td></td>
</tr>
<tr>
<td>Influence</td>
<td>Who is influencing the organization when it comes to healthcare plan choices</td>
<td>When organizations note who has influenced changes in healthcare plans</td>
<td>Organization does not use an outside firm</td>
</tr>
<tr>
<td>Impact to employees</td>
<td>Have employees been affected positively or negatively by the ACA</td>
<td>The impact that employees have experienced relating to the ACA, ie: changes in hours, additional costs, etc.</td>
<td>Organizations impact or regulations that have not been enacted yet.</td>
</tr>
</tbody>
</table>
Appendix D – Survey Questions

Demographics:

1. What is your title? Required
   a. Chief Financial Officer
   b. Chief Human Resource Officer
   c. Director of Human Resources
   d. Controller
   e. Other: _________________

2. How many employees does your organization employ? Required
   a. Part-time (29 hours or less) ____
   b. Full-time (30 hours or more) ____

3. What is your industry? Required
   a. Healthcare (hospital or provider)
   b. Non-profit
      i. Education
      ii. Foundation
      iii. Service
      iv. Other
   c. Manufacturing
   d. Professional Service (consulting, architect, other)
   e. Healthcare Insurance Provider
   f. Technology
   g. Transportation, warehousing
   h. Government
   i. Construction
   j. Utilities
   k. Leisure and Hospitality
   l. Financial Activities
   m. Other: _________________

4. What geographic region is your organization located in? Required
   a. New England
   b. Midwest
   c. South
   d. East
e. Northwest
f. West Coast

Benefits:

5. Do you have an employer-sponsored healthcare plan for your employees? Required
   a. Yes (skip logic to question #7)
   b. No (skip logic to question #12)

6. Will you now be required to offer an employer-sponsored healthcare plan for your employees under the employer mandate provision of the ACA?
   a. No (skip logic to question #12)
   b. Yes, we will provide the insurance required
   c. Yes, we will opt to pay the penalty in lieu of offering employee healthcare benefits

7. Do you work directly with a healthcare provider or use an insurance broker in negotiating your employer-sponsored plan?
   a. Insurance Broker
   b. Healthcare Provider
   c. Consultants
   d. Other: ___________

8. Has your organization made changes to the benefit levels offered to your employees?
   a. Yes
   b. No (skip logic to question #12)
   c. Don’t know (skip logic to question #12)

9. What influenced your decision to make changes to your benefit package?
   a. Increased costs from the ACA
   b. ACA employer mandate regulation
   c. Other: Please explain.

10. Which of the following changes to your employee-benefit plan has your organization made?
    a. Deductible levels
    b. Co-Pays
    c. Health Reimbursement Account
11. Since you have answered yes to your organization having made changes to the benefit levels offered to your employees, please provide a summary of benefits before and after the changes to your benefits.
   a. Summary of benefits before the ACA (upload file)
   b. Summary of benefits after the ACA (upload file)

12. Has your organization experienced increased costs directly related to the ACA?
   a. Yes
   b. No (skip logic to question #14)
   c. Not sure (skip logic to question #14)

13. Which of the following costs/fees, directly related to the Affordable Care Act, has your organization seen an increase?
   1. Patient-Centered Outcome Research Trust Fund Fee?
   2. Reinsurance Fee?
   3. Employer-sponsored policy premium increase?
   4. Yes, we’ve seen an increase but I am not sure which fees apply to our organization
   5. Other:

Hiring:

14. Has your organization hired employees in the last 12 months?
   a. No
   b. Yes, how many Part-time?
   c. Yes, how many Full-time?

15. Do you plan to hire employees in the next 12 months?
   a. No
   b. Yes, how many Part-time?
   c. Yes, how many Full-time?

16. Has the Affordable Care Act influenced how your organization makes decisions to hire full-time or part-time employees?
   a. No
   b. Yes (State the change made)
17. Have you hired part-time employees instead of full-time employees to avoid the cost of benefits due to the Affordable Care Act?
   a. Yes
   b. No
   c. Not Sure

18. What other changes in hiring practices have you made due to the Affordable Care Act? ________________________________
Appendix E - Interview Questions

1. How do you feel that the Affordable Care Act has influenced decision-making at your organization?

2. Is your organization advised by an insurance broker in how your employer-sponsored health care plans are or should be structured?

3. Do you feel that decisions regarding the growth and expansion of your organization will be (or has been) limited by the Affordable Care Act regulations?

4. Does the senior leadership in your organization understand the impact that the Affordable Care Act has had on decision-making within your organization?

5. Has the Affordable Care Act affected your employees (positively or negatively)? In what way?

6. Is there anything I haven’t asked that you think I should know for my study?