

Supplemental Report:

Firms Assess Effects of Affordable Care Act

Supplementary questions in the July 2013 *Empire State Manufacturing Survey* focused on businesses' response to provisions of the Affordable Care Act (ACA) that take effect in 2014.* This month's questions had not been asked previously.

The vast majority of firms reported that their primary source of information and advice on the Affordable Care Act had been a health care insurance broker. In addition, one in four respondents cited a professional consultant. When asked what changes they had made or planned to make in their health plans in response to ACA requirements, 75 percent of those surveyed said "none." A majority of these firms, in turn, said this was mainly because they already offered health insurance; however, some of these firms indicated that their business was too small to be affected by the mandate.

Eleven percent of firms indicated that they were or would be cutting back or dropping health insurance, while roughly the same proportion reported making health insurance more comprehensive. Also, a number of firms checked off "other" and wrote in a response suggesting that they would be moving to a plan with higher deductibles.

Three in four respondents indicated that they had made minimal or no changes in their workforces in response to the Affordable Care Act; a somewhat smaller majority (65 percent) said they did not anticipate making any major staffing changes over the next year. Nearly 15 percent of those surveyed reported that they would outsource more work.

A large majority of manufacturers, more than 85 percent, reported that they expected their health insurance costs to increase

as a result of the ACA; none anticipated a decrease. When asked what actions they were likely to take in response to the ACA provisions that take effect in 2014, more than 80 percent said that they would leave wage and salary compensation and retirement benefits the same. However, 30 percent of the respondents said they would likely reduce other employee benefits, and an even more sizable minority of firms—39 percent—said they would likely raise the prices they charged their customers.

Finally, many of the open-ended comments suggested that there was still a fair amount of uncertainty regarding both the legislation itself and its likely effects on respondents' business and the economy generally. ■

* The announcement in early July that certain requirements of the ACA would be postponed for at least a year was made during the survey data collection period. However, pre- and post-announcement responses were similar, suggesting that the announcement did not have a significant effect on the survey results.

Supplemental Report, *continued*

QUESTION 1

How many full-time-equivalent employees does your firm employ?

Average	218
Median	104

QUESTION 2

Where are you receiving information and/or advice on implications of the Affordable Care Act for your business?

	Percentage of Respondents*
healthcare.gov website	9.8
State government website	10.9
Health care insurance broker	80.4
Professional consultant	25.0
Haven't investigated implications yet	5.4
Other	13.0

QUESTION 3

What changes, if any, have you made or do you plan to make to your firm's health plan in response to the requirements of the Affordable Care Act?

	Percentage of Respondents*
None: Firm is too small for mandate	12.0
None: Already offer health insurance	63.0
We're making health insurance more comprehensive	9.8
We're planning to offer health insurance for the first time	0.0
We're expanding coverage to those working thirty or more hours	1.1
We're cutting back or dropping health insurance	10.9
Other	20.7

QUESTION 4

What changes to your workforce, if any, have you *already* made in response to the Affordable Care Act?

	Percentage of Respondents*
Fire/refrain from hiring to keep payroll under fifty full-time employees	6.5
Shift from full-time to part-time workers	5.4
More outsourcing of work	10.9
Minimal or no changes in response to the Affordable Care Act	75.0
Other	4.3

QUESTION 5

What changes to your workforce, if any, do you anticipate making over the next year in response to the Affordable Care Act?

	Percentage of Respondents*
Fire/refrain from hiring in order to keep payroll under fifty full-time employees	7.6
Shift from full-time to part-time workers	6.5
More outsourcing of work	14.1
Minimal or no changes in response to the Affordable Care Act	65.2
Other	6.5

* Questions 2-5 allowed firms to choose more than one response. For this reason, the percentages may sum to more than 100.

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QUESTION 6

What impact do you expect the Affordable Care Act provisions that take effect in 2014 to have on health insurance costs?

	Percentage of Respondents
Increase substantially	50.0
Increase somewhat	36.7
Little or no impact	13.3
Decrease somewhat	0.0
Decrease substantially	0.0
We plan to pay penalty in lieu of coverage	3.3

QUESTION 7

Which, if any, of the following actions are you likely to take in response to the Affordable Care Act provisions that take effect in 2014?

	Percentage of Respondents		
	Reduce	Keep the Same	Increase
Prices charged to customers	1.1	59.8	39.1
Wage and salary compensation	15.7	80.9	3.4
Retirement benefits	17.2	81.6	1.1
Other benefits	29.8	69.0	1.2