

Supplemental Survey Report

Firms Assess Effects of Affordable Care Act

Supplementary questions in the August 2015 *Empire State Manufacturing Survey* and *Business Leaders Survey* examined how the Affordable Care Act (ACA) has affected businesses and how businesses are responding to the new legislation. Some questions in the current survey paralleled questions asked in the August 2014 survey; ACA-related questions were also asked in July 2013.

When queried about the percentage change in health coverage costs in 2015—a change not necessarily attributable to the ACA—the median manufacturing firm reported a 10 percent increase and the median service firm, a 9 percent increase. These estimates closely match what respondents had anticipated in last August’s survey. Asked about the expected change in 2016, the median respondent in both surveys predicted a 10 percent increase.

A new question in this year’s survey asked respondents to indicate how various factors affected the cost of providing health insurance to their employees. More than half of service sector respondents and two-thirds of manufacturers reported that price hikes from insurance companies substantially increased their companies’ health coverage costs. ACA-related taxes were also widely cited as a contributor to rising costs, followed by more employees taking up coverage, and by employees

adding coverage for dependents. Relatively few respondents identified any significant factors *reducing* health coverage costs; 12 percent of manufacturers and 9 percent of service sector panelists cited employees dropping coverage to enroll in Medicaid as a development that had lowered costs.

Asked whether they were changing their health plans in response to the ACA, 33 percent of manufacturers and 47 percent of service firms said they were not. For those firms that were making changes, however, the most widely reported adjustments involved higher deductibles, increased co-pays, and higher out-of-pocket maximums. The vast majority of firms in both surveys indicated that they would be paying a higher total premium, though none of the respondents said they were raising their employees’ contribution to the premium. Most of those surveyed, however, said they were increasing or leaving unchanged the range of services covered and the size and breadth of the health care network. A vast majority of respondents in both surveys reported that the ACA had not altered the percentage of employees with coverage, and the share of respondents that expanded coverage exceeded by a modest amount the share of respondents that reduced it. These results broadly parallel the results of last year’s survey, although in the

earlier survey, a majority of respondents in both surveys indicated that they were raising their employees’ contribution toward premiums.

Additionally, all respondents were asked if they were altering certain fundamental business measures as a result of the ACA. Twelve percent of service sector respondents and 23 percent of manufacturers said that they were reducing the number of their workers in response to the ACA. The vast majority of respondents in both surveys said they were not changing the proportion of part-time workers or the amount of work outsourced to other firms. Most respondents also said that wage and salary compensation and other benefits were not affected by the ACA, although the share of respondents reporting a cut exceeded the share that reported an increase. And 34 percent of manufacturers but only 16 percent of service sector panelists said they were raising the prices charged to customers. These responses also corresponded broadly to those in the August 2014 survey.

Finally, 15 percent of manufacturers and 22 percent of service firms said the excise tax on high-value health plans (the “Cadillac Tax”) would apply to their plans as they currently stood. However, more than a third of respondents in both surveys were not sure if the tax applied. ■

Supplemental Survey Report, *continued*

The Affordable Care Act (ACA)

QUESTION 1

How many full-time and part-time workers does your firm employ?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Median Number		Median Number	
	Full-Time	Part-Time	Full-Time	Part-Time
2014	87.0	2.0	80.0	10.0
2015	95.0	2.0	87.5	10.0
2016 (expected)	94.0	2.0	97.5	10.0

QUESTION 2

Which of the following descriptions best characterizes your business?

	Empire State Manufacturing Survey	Business Leaders Survey
	Percentage of Respondents	Percentage of Respondents
	Large corporation with multiple establishments in the United States	8.2
Primarily or completely self-contained at one location	44.3	39.6
Subsidiary or branch of a larger corporation	8.2	6.3
Small to medium-sized company with a few locations	39.2	36.9
Franchise	0.0	1.8
Other	4.1	5.4

QUESTION 3

What is your best estimate of the annual percentage change in your business' overall health coverage costs per worker this year and next year?

	Empire State Manufacturing Survey	Business Leaders Survey
	Median Increase	Median Increase
	2014 to 2015	10.0
2015 to 2016	10.0	10.0

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QUESTION 4

To what extent, if at all, have any of the following affected your cost of providing health insurance coverage to your employees?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents		Percentage of Respondents	
	Somewhat	Substantially	Somewhat	Substantially
Cost increases from				
More employees taking up coverage	40.2	5.9	38.0	10.7
Employees adding coverage for dependents	40.2	1.0	31.1	3.4
ACA-related taxes	47.0	23.0	43.5	15.7
Price increases from insurance companies	28.4	66.7	34.5	54.6
Cost reductions from				
Employees dropping coverage to enroll in Medicaid	12.1	0.0	8.5	0.0
Price decreases from insurance companies	3.1	1.0	1.7	0.9
Other	1.0	4.9	1.7	2.5

QUESTION 5A

How, if at all, are you changing your health plan in response to the ACA?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents		Percentage of Respondents	
Keeping plan unchanged	32.7		47.2	
Making modifications	50.0		41.5	
Switching to a new provider	13.5		5.7	
Dropping plan	1.0		0.8	
Offering for the first time	0.0		0.8	
Don't offer and don't plan to	2.9		4.1	

QUESTION 5B

If you responded that you are “making modifications” or “switching to a new provider,” what changes are you making? Check all that apply.

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents		Percentage of Respondents	
	Reducing	Increasing	Reducing	Increasing
Percentage of employees covered	6.1	7.6	5.2	13.8
Employee contribution	0.0	0.0	5.2	0.0
Total premium	6.1	83.3	0.0	82.8
Deductibles	1.5	77.3	1.7	72.4
Out-of-pocket maximum	1.5	74.2	1.7	63.8
Number of plan options for employees	19.7	22.7	29.3	12.1
Co-pays	3.0	71.2	0.0	65.5
Range of services covered	21.2	12.1	22.4	1.7
Size/breadth of network	26.2	4.5	19.0	3.4

Supplemental Survey Report, *continued*

QUESTION 6

How, if at all, are you changing (or have you changed) any of the following because of the ACA's effects on your business?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents		Percentage of Respondents	
	Reducing	Increasing	Reducing	Increasing
The number of workers you employ	22.8	0.0	11.5	0.0
The proportion of your workers that are part-time	1.0	7.9	4.9	14.8
Amount of work outsourced to other firms	0.0	10.8	0.8	7.4
Wage and salary compensation per worker	21.6	5.9	14.0	7.4
Other benefits, including retirement	14.9	3.0	11.5	4.9
Prices you charge to customers	0.0	34.3	0.8	16.1

QUESTION 7

As you may know, an excise tax on high-value health insurance plans (the "Cadillac Tax") will take effect in 2018; would this tax apply to your firm's health plan as it stands now?

	Empire State Manufacturing Survey		Business Leaders Survey	
	Percentage of Respondents		Percentage of Respondents	
Yes		14.7		22.0
No		46.1		43.9
Not sure		39.2		34.1