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The Cost of the Affordable Care Act to Large Employers

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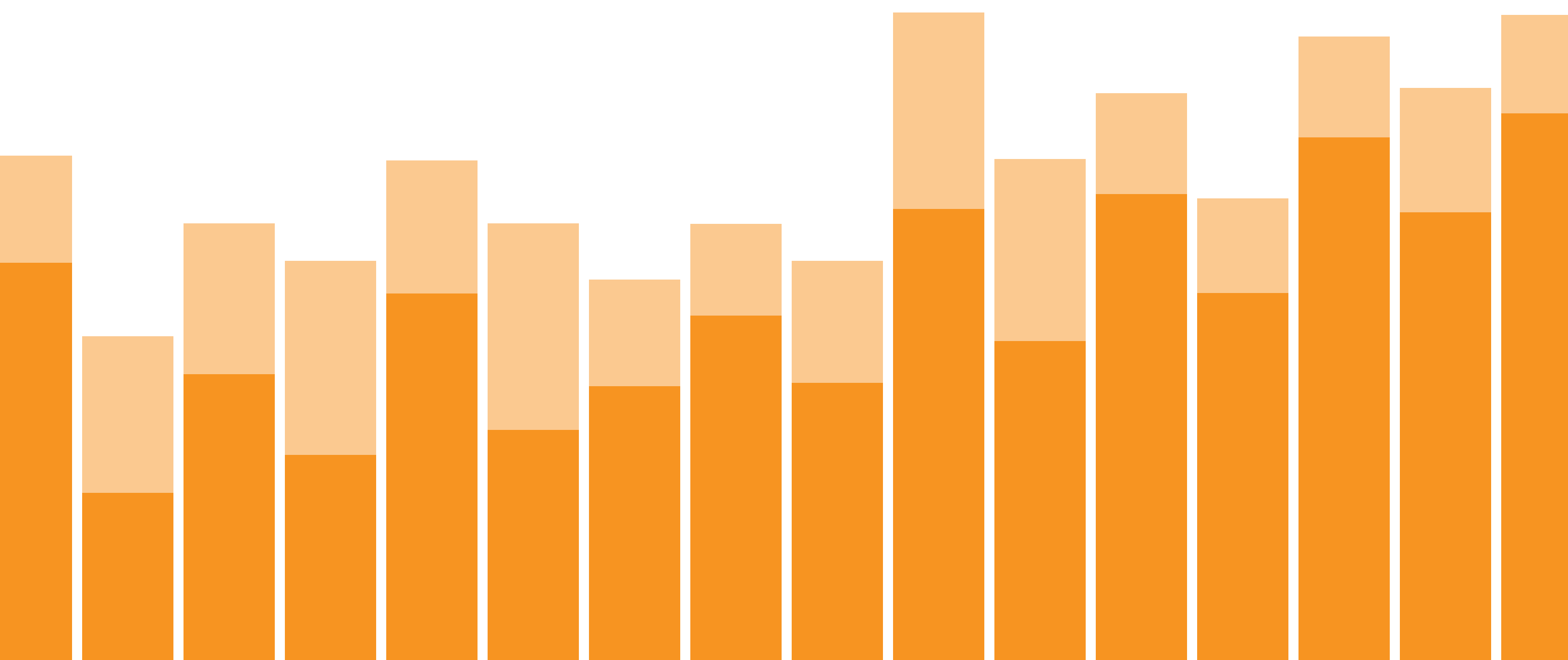


American Health Policy Institute (AHPI) is a new non-partisan 501(c)(3) think tank, established to examine the impact of health policy on large employers, and to explore and propose policies that will help bolster the ability of large employers to provide quality, affordable health care to employees and their dependents. The Affordable Care Act has catalyzed a national debate about the future of health care in the United States, and AHPI serves to provide thought leadership grounded in the practical experience of America's largest employers. To learn more, visit americanhealthpolicy.org.

Contents

Executive Summary 1
Employer Health Care Cost Trends 2
How the ACA is Impacting Employer Health Care Costs 5
Estimated Cost of the ACA for Large Employers 6
Conclusion 8
Appendix One: Cost Estimates for Specific ACA Provisions 9
Appendix Two: Methodology 10
Endnotes 12

Executive Summary

The Affordable Care Act (ACA) has served as a catalyst to an ongoing national debate on the cost of health care in the United States. An important aspect of this question is the cost impact of the new law on the employer community. Employers spend $578.6 billion annually in providing health coverage for 170.9 million employees, retirees, and dependents.[1] If the law leads to significant cost increases for them, this would affect the behavior of employers, which could in turn affect how—and even whether—they provide health care for their employees.

For this reason, it is important to get a clear picture of the costs of the ACA to employers. This subject has drawn a great deal of interest and speculation from those following the impact of the law. Recently, the *Wall Street Journal* reviewed the earnings call transcripts of 80 publicly-traded companies in an attempt to glean the costs of ACA to those companies.[2] The effort, while admirable, could only lead to a series of informed guesses rather than a full and accurate depiction of the costs.

With this in mind, the American Health Policy Institute conducted the first-ever study of the actual, internal ACA-related costs to more than 100 large employers (those with 10,000 or more employees).

This study provides a much clearer picture of how the ACA is affecting large companies than has ever been available before. Instead of speculating from the outside, we asked the companies directly about what they expect their costs to be, based on analyses that their economic and benefits consulting firms have been performing since passage of the ACA, as well as their own internal analyses. In order to isolate the ACA's role, separate and apart from the larger trends taking place in health care, this study looks solely at costs related to the ACA. It does not, for example, look at the aging of the workforce or the rate of health care inflation. Nor does the study take into account possible off-setting savings generated by the ACA.

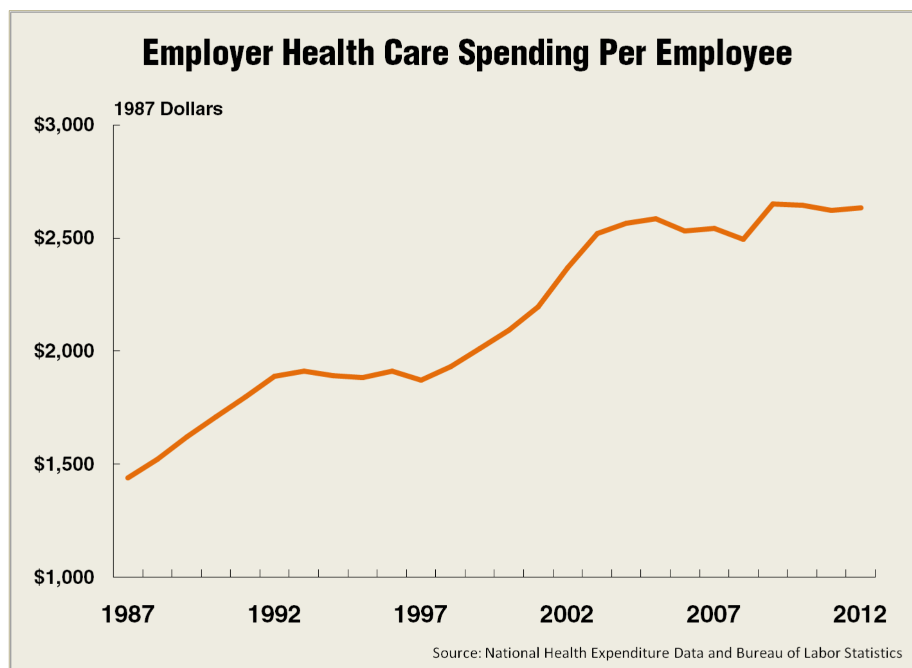
Specifically, the study looked at direct costs to companies from the ACA's requirements, over and above projected employer health care cost trends without the ACA. The study breaks out these costs from a number of perspectives: on a per employee basis; to individual companies; and to the corporate sector in general. In summary, the study found that over the next decade:

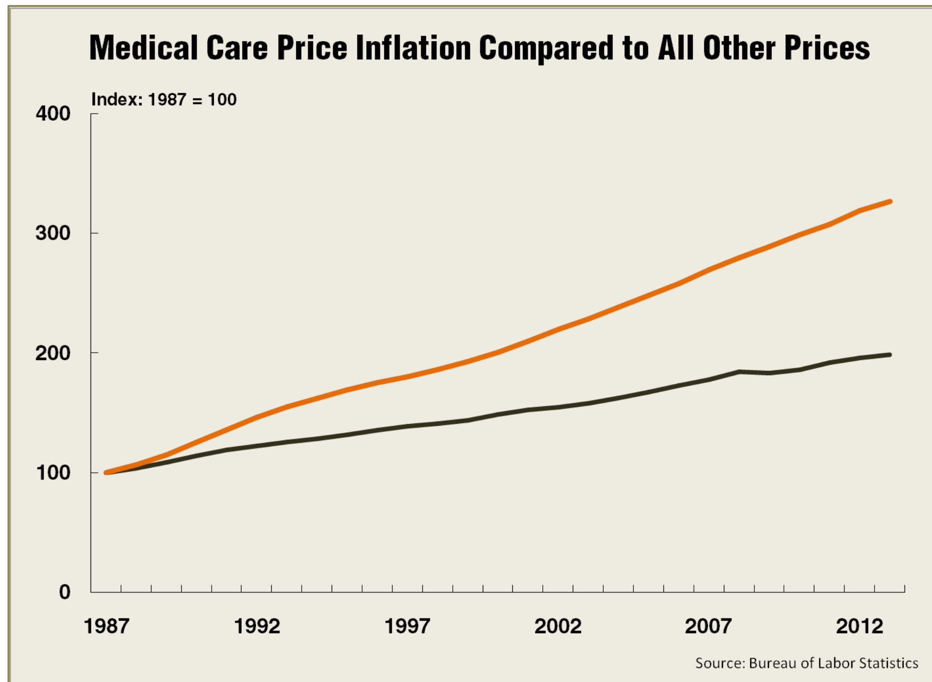
- The cost of the ACA to large U.S. employers (10,000 or more employees) is estimated to be between ***$4,800 to $5,900 per employee***.
- These large employers will see overall ACA- related cost hikes of between ***$163 million and $200 million per employer, or an increase of 4.3 percent in 2016 and 8.4 percent in 2023 over and above what they would otherwise be spending.*** (See Appendix One for cost estimates for specific ACA provisions)
- The total cost of the ACA to all large U.S. employers over the next ten years is estimated to be from ***$151 billion to $186 billion***.

These data demonstrate that the added mandates, fees and regulatory burdens associated with the ACA are increasing the cost of employer-sponsored health care plans, with implications for both employers and employees. There will be differences of opinion as to the significance of these costs. Some will say that they are welcome and will lead to more economical use of health care dollars. Others will say that this portends the end of the employer-sponsored health care system. What we do know is that the large employers themselves—companies that provide more than 52 million jobs[3]—see these costs coming. Inevitably, this means that these companies will react. This could be through benefit design or levels—or through the number of employees they hire and at what salaries. For this reason, the new information about costs will be crucial to economists, analysts, and policy makers in determining the full impact of the ACA on the American health system, and on the economy.

Employer Health Care Cost Trends

Employer-provided health care has been the backbone of the American health care system for the past six decades. Having a healthy workforce is a priority for employers, and businesses spend more than $578.6 billion per year providing health care to 170.9 million employees and the dependents of their employees.[4] However, the cost of employer-sponsored health care per employee has risen 83 percent since 1987 after adjusting for inflation, from $1,440 to $2,633 per worker, despite a variety of attempts by employers to control health care costs.[5] And over the past 25 years, while inflation generally has risen 99 percent, medical inflation has risen 227 percent.[6] While employers have had some success since 2003 at reducing the rate of growth in employer-sponsored health care, it continues to increase at nearly twice the rate of overall inflation.[7]

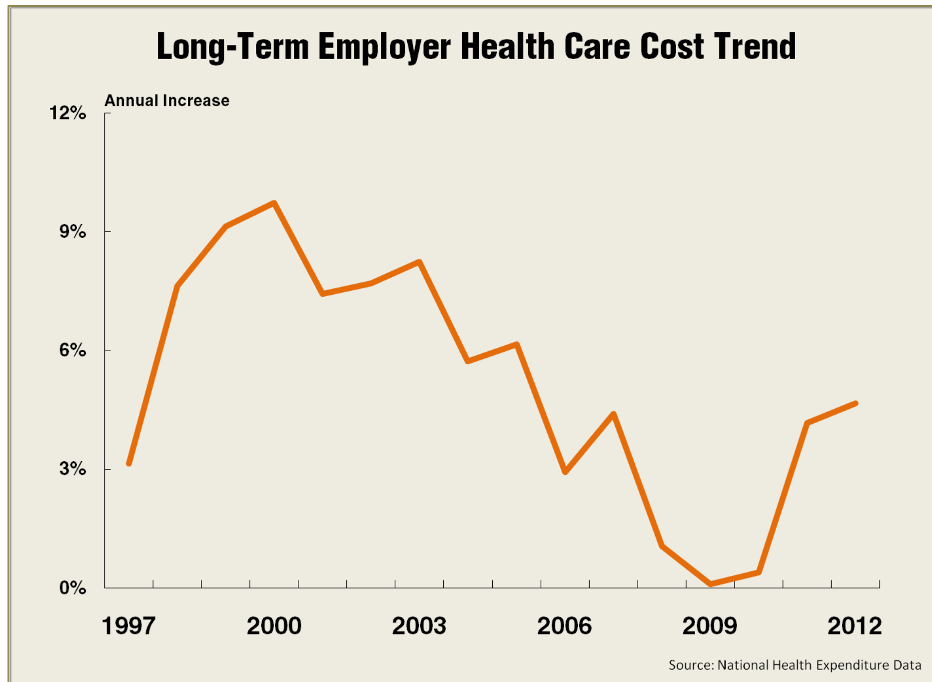




At the same time, the share of health care costs paid by employees over the past six decades has also risen significantly. In 2013, employees paid on average $999 per year for single coverage and $4,565 per year for family coverage, an increase of 196 percent and 214 percent, respectively, since 1999.[8]

From 1998 to 2003, employer health care costs jumped by an average 8.3 percent per year.[9] Large employers responded to this unsustainable trend by implementing a variety of cost saving measures including: High Deductible Health Plans (HDHPs) coupled with Health Saving Accounts (HSAs) and Health Reimbursement Arrangements (HRAs); wellness programs; value-based insurance plans; and improved cost and pricing transparency tools. From 2006 to 2013, one of those changes alone, the percentage of employees covered by HDHPs, rose from 4 percent to 20 percent, and the percentage of employees with deductibles of $1,000 or more for single coverage increased from 6 percent to 28 percent.[10]

Partly due to employer efforts, from 2003 to 2007, the annual increase in employer health care costs slowed from 8.2 percent to 4.4 percent, while the number of people covered by employer benefits increased by 1.0 percent.[11] However, despite significant efforts by employers to control their health care costs, those costs continue to increase at twice the rate of overall inflation, and are rising faster than the health care costs for households and the government.[12] According to data from the Department of Health and Human Services, health care spending by private businesses increased 4.7 percent in 2012 after rising 4.2 percent in 2011.[13] A recent survey of employers by the Kaiser Family Foundation found the average annual premium increased 4.8 percent in 2013 for single coverage, and 3.8 percent for family coverage.[14] However, averages can obscure significant variation among employers. Another survey by the HR Policy Association found 6 percent of large employers expect that their health care costs will decrease in 2014, while 47 percent expect their cost to increase from 0 to 5 percent, and 37 percent expect their costs to jump by 6 to 10 percent.[15]



Although large employers have increasingly focused on managing their health care spending over the past 10 years, their health care costs per employee have continued to rise an average 1.1 percentage points faster than inflation on an annual basis since 2003.[16] On top of these cost hikes, they must now also contend with ACA-related costs. In a 2013 survey by the International Foundation of Employee Benefit Plans, 45.7 percent of employers reported the ACA increased costs by one to three percent, while 14.1 percent said there was no cost or a decrease in costs.[17] This same survey found the top three ACA provisions that increased costs in 2013 were the Patient-Centered Outcomes Research (PCORI) fee, general ACA administrative costs, and explaining ACA provisions to participants.[18] The survey also found the most common ways employers plan to deal with the increased costs due to the ACA are shifting costs to employees and increasing wellness and value-based health care initiatives.[19]

How the ACA is Impacting Employer Health Care Costs

The ACA is directly and indirectly increasing the cost of employer provided health care through a number of its provisions. Direct costs in the ACA include, but are not limited to, the following:

- Patient Centered Outcomes Research Institute fee;
- Temporary Reinsurance Fee;
- General ACA implementation and administrative costs;
- Excise tax on high-cost plans;
- Mandate to cover adult-children up to age 26 as dependents; and
- Other benefit mandates including covering 100 percent of preventive care services.

The indirect costs of the ACA include, but are not limited to:

- New supply-chain taxes passed onto employers (*e.g*., medical device tax);
- Increased take-up rates of employer offered coverage resulting from the individual mandate; and
- Increased cost-shifting from the expanded Medicaid coverage.[20]

In 2010, the Joint Committee on Taxation estimated the excise tax on high-cost plans would cost employers $32 billion from 2018 to 2019, and eliminating the employer deduction for the Medicare Part D subsidy would cost employers $4.5 billion from 2013 to 2019.[21] In 2012, an Urban Institute study estimated the ACA would increase large employer health care costs by 4.3 percent, or $11.8 billion in 2012 alone.[22] Another survey by the International Foundation of Employee Benefit Plans found the ACA increased actual large employer health care costs by an average of 3.5 percent in 2013.[23]

A recent survey from Mercer found the two biggest concerns employers have with the ACA are increased administrative burdens and the excise tax on high-cost plans, and they are taking a number of steps to address those concerns and mitigate the costs.[24] Seventy-eight percent of surveyed companies said they are significantly or very significantly concerned about the administrative burden the new ACA regulations create and 62 percent say they are similarly concerned about the excise tax that begins in 2018. According to the survey, 42 percent of employers would be subject to the tax in 2018 if they made no changes to their current plans, and many are not waiting to make changes. The tax provision was crafted by Congress to encourage employers to offer lower-cost health plans. Specifically, the Mercer survey found:

- 80 percent of employers have or are considering raising deductibles;
- 68 percent have or are considering a consumer-directed health plans, with health saving accounts;
- 44 percent have already taken steps to unbundle dental and medical coverage;
- 34 percent are moving to high-performance networks; and
- 33 percent are considering dropping high-cost plans and 20 percent have already done so.[25]

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However, the ACA may also reduce employer costs by introducing a range of payment and delivery system changes designed to achieve a significant slowing of health care cost growth. A recent report from the Council of Economic Advisors found "[t]he ACA is contributing to the recent slow growth in health care prices and spending and is improving quality of care" by "reducing hospital readmission rates and increasing provider participation in payment models designed to promote high-quality, integrated care."[26] One program to cut infections, encompassing only 333 hospitals, saved more than $9 billion.[27] Moreover, recent research suggests that the ACA's reforms to Medicare will have "spillover effects" that reduce costs and improve quality system-wide.[28] The direct effect of ACA provisions that reduce Medicare overpayments to private insurers and medical providers has been to reduce health care price inflation by an estimated 0.2 percent per year since 2010. Accounting for the "spillover effects" discussed above raises this estimate to 0.5 percent per year, which represents a substantial fraction of the recent slowdown in medical inflation.

Estimated Cost of the ACA for Large Employers

To get a better understanding of the impact of the ACA on employer-provided care, the American Health Policy Institute conducted a confidential survey of over 100 large employers between January and March, 2014. The survey asked the large employers what costs they expect from the ACA. As discussed above, these costs may be offset, but for a benefits executive, Chief Human Resource Officer (CHRO), or CEO, projected savings are just that: projections. They need to budget and run their businesses based on what they see on the ground. Thus, the below findings are illuminating:

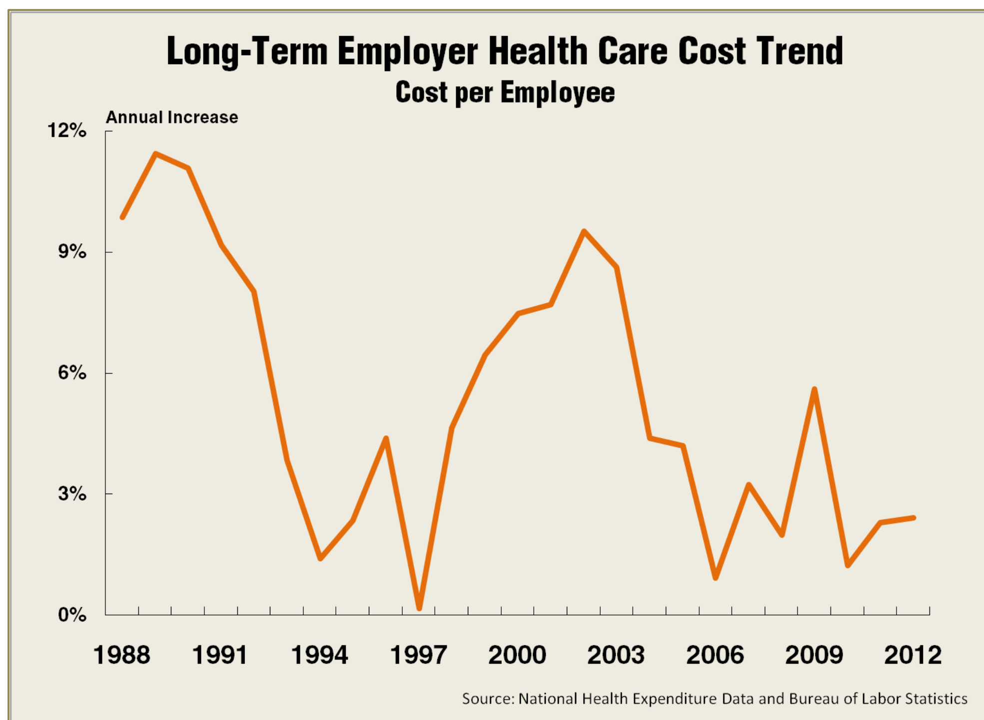
- The total cost of the ACA to all large U.S. employers (10,000 or more employees) over the next ten years is estimated to be between $151 billion to $186 billion, or $4,800 to $5,900 per employee, and between $163 million to $200 million per employer. This is an additional cost over and above projected employer health care cost trends without the ACA.
- The ACA is estimated to increase the health care costs for large employers by 4.3 percent in 2016, 5.1 percent in 2018, and by 8.4 percent in 2023, with the increase primarily due to the high-cost excise tax that begins in 2018.
- For just the 31 large employers (10,000 or more employees) that responded to the survey and provided cost estimates through 2023, the total cost of the ACA over the next ten years could be as much as $10.5 billion unless changes are made to their health care plans. This averages out to about $338.1 million per company that responded to the survey over ten years.

Cost of the Affordable Care Act to Large Employers

The total cost of ACA to all large U.S. employers (10,000 or more employees) 2014 to 2023	$151 to $186 billion
Cost per employee, 2014 to 2023	$4,800 to $5,900
Cost per large employer, 2014 to 2023	$163 to $200 million
Percentage increase in employer-provided health care costs from ACA	4.3% in 2016 5.1% in 2018 8.4% in 2023

These findings are likely not a surprise to people managing benefit plans at large employers. A February 2012 survey of Chief Human Resource Officers (CHROs) at large corporations found that 96 percent believed that the ACA would increase their costs. Interestingly, the remaining 4 percent did not believe that costs would go down, but rather said that they were not sure. In a more recent February 2014 survey, 62 percent of CHROs agreed that the ACA will make it more difficult for their company to control health care costs.[29]

While CHROs may have had a good sense of where their cost curves were headed, others have been less sure. A study by the Center for American Progress and the Commonwealth Fund argues that the ACA "will introduce a range of payment and delivery system changes designed to achieve a significant slowing of health care cost growth,"[30] and a recent report from the Council of Economic Advisors found "[t]he ACA is contributing to the recent slow growth in health care prices and spending and is improving quality of care" by "reducing hospital readmission rates and increasing provider participation in payment models designed to promote high-quality, integrated care."[31] At this point, though, the projected savings from these delivery-system based changes are still to come—if at all. What we may be seeing today is a combination of the slow economic recovery, a slowdown in new technology and drugs, slower employment growth in the health care field, and a moderation in health care prices are factors that have been holding costs in check.[32] But it is too early to tell whether cost growth will remain slower than in previous years. Viewed in a historical context, there have been previous ebbs and flows in the rise of health care costs.[33] Moreover, as a report from the Office of the Actuary at the Centers for Medicare and Medicaid Services notes, we could assume that cost growth will accelerate with economic recovery, though perhaps not to the level seen before the recession.[34]



Conclusion

In light of the uncertainty related to projected ACA-related savings, this study provides an important look into what America's employers themselves believe will happen, and presumably, what projections they will use in determining future benefit designs as well as employment strategies. The results of this study demonstrate that employers have a significant incentive to make fundamental changes to their health offerings as a result of the ACA. Cost increases in the range of $163 million to $200 million per large employer over the course of a decade will not be overlooked by CEOs, CFOs, or Boards of Directors. It is not yet clear what these changes will be. What is clear, however, is that the ACA has already altered the landscape of employer-provided health care, and will do so even more over the next decade.

Appendix One: Cost Estimates for Specific ACA Provisions

Many of the companies in the survey also provided cost data for specific ACA provisions such as the age 26 dependent coverage provision or the temporary reinsurance fee. The most costly provisions included:

- High-Cost Excise Tax
  - One company said the high-cost excise tax that begins in 2018 could cost $378 million over five years.
  - Another company said the high-cost excise tax that begins in 2018 could cost $284 million over six years.
- The Age 26 Dependent Coverage
  - One company estimates the mandate to cover adult-dependents up to age 26 could cost almost $69.0 million over ten years.
  - Another company estimates it could cost $56.4 million over ten years.
- Individual Mandate Increases Number of Covered Lives
  - One company estimates the individual mandate could cost $110.0 million over ten years.
  - Another company estimates it could cost $60.5 million over ten years.
- Temporary Reinsurance Fee
  - One company estimates the transitional reinsurance fee could cost $15.3 million from 2014 to 2016.
  - Another company estimates it could cost $7.4 million.
- 100 Percent Coverage of Preventive Services and Other Benefit Mandates
  - One company said the ACA's enhanced preventive care and drug mandates could cost $36.5 million over ten years.
  - One company said the eliminating lifetime maximums on their health care benefits could cost $14.5 million over ten years.
  - One company said the mandate to pay 100 percent of contraceptive care could cost $25.6 million over ten years.
- 90-Day Waiting Period
  - One company said the 90-day waiting period mandate could cost $5.5 million in 2014 and 2015.

Appendix Two: Methodology

In January and February 2014 the American Health Policy Institute confidentially surveyed over 350 companies that are members of the HR Policy Association in order to identify and quantify the direct costs of the Affordable Care Act (ACA) for large employers. A small pilot survey conducted in December found that many, if not most, of the companies had already conducted analyses to quantify these costs, and that many of the analyses were conducted by outside consultants using very similar methodologies. In January, over 350 of the companies were asked to provide the following estimates for 2013 to 2023:

- Total U.S. employment of the company;
- Total number of lives covered by the companies health plans;
- Total baseline health care costs without enactment of the ACA; and
- Total estimated health care costs with the ACA.

They were also asked to provide cost estimates for specific provisions of the ACA if those were readily available.

Survey responses were received from 103 members of the HR Policy Association, representing 3.4 million U.S. employees and 4.3 million covered lives. Those surveyed represent large U.S. employers from 11 different industries, including mining, manufacturing, wholesale trade, retail trade, transportation, utilities, information, financial activities, professional and business services, health care, and accommodation and food services. The over 95 percent of the companies have 5,000 or more employees, and over half have 10,000 or more employees. The results are consistent with other surveys that have been conducted. As noted above, in one survey 45.7 percent of employers said the ACA increased costs by one to three percent in 2013, while another 23.6 percent said the ACA would increase their costs from 4 to 7 percent.[35]

The cost estimates were in many cases developed by outside consultants for the companies and in other cases were internally developed. They are static cost estimates from 2014 to 2023 that will very likely change over time as employers adjust and adapt their health care plans in response to the post-ACA environment and future health care cost trends.[36] The Institute intends to conduct this survey in the future to determine how these cost estimates change over time.

It must be noted that a few companies estimate the ACA will reduce their overall health care costs between 2014 and 2023, primarily because of the adjustments they are planning to make to their health care plans in response to the ACA.

The results presented in this report are averages for large self-insured employers. Averages, however, can obscure significant variation among employers. For example, in 2016, the ACA was estimated to impact large employer health care costs from -1.5 percent to 20.7 percent by survey respondents. The standard errors for the key estimates in the study are provided below.

The cost estimate of the ACA for all large U.S. employers (10,000 or more employees) was calculated by multiplying the average ten year per employee cost estimate from the survey respondents with 10,000 or more employees with the Census Bureau's latest estimate of the total number of employees in large employers (31.55 million).[37] It is presented as a range ($151 billion to $186 billion, or $4,800 to $5,900 per employee) to account for the variance in the survey data and represents one standard error as calculated from the mean or average cost. The costs could be higher, too. The cost per employer was calculated using the latest Census Bureau

data by dividing the number of employees in firms with 10,000 or more employees (31.55 million) by the number of firms with 10,000 or more employees (931),[38] and then multiplying by the average ten year per employee cost estimate from the survey respondents ($4,800 to $5,900 per employee).

Summary Survey Results

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2014-18 Years	2014-23 Years
ACA Cost per employee	$267	$329	$362	$377	$487	$576	$682	$804	$951	$1,113	$1,823	$5,948
Percent Increase in Employer Health Care Costs from ACA	3.6%	4.2%	4.3%	4.2%	5.1%	5.7%	6.3%	6.9%	7.7%	8.4%	4.3%	5.9%

	Mean	Standard Error
Ten-Year Cost of the ACA per employee	$5,948	$1,137
Percentage cost increase 2016	4.3%	0.8%
Percentage cost increase 2018	5.1%	1.1%
Percentage cost increase 2023	8.4%	1.9%
Ten-Year Average Percentage Cost Increase	5.9%	1.2%

Finally, the cost estimate examples presented in Appendix One for specific ACA provisions were provided directly by the survey respondents and were typically based on analyses conducted by their economic and benefits consulting firms. The examples represent some of the higher, but not necessarily the highest, cost estimates for each provision.

Endnotes

[1] National Health Expenditure Data, Centers for Medicare & Medicaid Services, Sponsor Highlights, Table 1, available at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html; Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2012, September 2013, available at http://www.census.gov/prod/2013pubs/p60-245.pdf..

[2] Noelle Knox, “Winners and Losers Start to Emerge From Health Law,” *Wall Street Journal*, February 24, 2014. http://online.wsj.com/news/articles/SB20001424052702304834704579403072411467200.

[3] Census Bureau, “U.S., NAICS sectors, large employment sizes,” Statistics of U.S. Businesses, 2011, available at http://www.census.gov/econ/susb/. Although the cost estimates presented in this study are for employers with 10,000 or more employees, a number of employers with 1,000 or more employees responded to the survey with cost data. According to the Census Bureau in 2011 there were 8,910 firms in the U.S. that employed 52.4 million people.

[4] National Health Expenditure Data, Centers for Medicare & Medicaid Services, Sponsor Highlights, Table 1, available at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html; Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2012, September 2013, available at http://www.census.gov/prod/2013pubs/p60-245.pdf.

[5] Calculated by AHPI using data from National Health Expenditure Data, Centers for Medicare & Medicaid Services, Sponsor Highlights, Table 1, available at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html, and Bureau of Labor Statistics, Access to historical data for the "B" tables of the Employment Situation News Release, available at http://www.bls.gov/ces/cesbtabs.htm.

[6] Bureau of Labor Statistics, Consumer Price Index Databases, All Urban Consumers, available at http://www.bls.gov/cpi/data.htm.

[7] Id.

[8] Kaiser Family Foundation, Employer Health Benefits 2013 Annual Survey, available at http://kaiserfamilyfoundation.files.wordpress.com/2013/08/8465-employer-health-benefits-20132.pdf.

[9] National Health Expenditure Data, Centers for Medicare & Medicaid Services, Sponsor Highlights, Table 1, available at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html.

[10] Kaiser Family Foundation, Employer Health Benefits 2013 Annual Survey, available at http://kaiserfamilyfoundation.files.wordpress.com/2013/08/8465-employer-health-benefits-20132.pdf.

[11] National Health Expenditure Data, Centers for Medicare & Medicaid Services, Sponsor Highlights, Table 1, available at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html, and Census Bureau, Income, Poverty, and Health Insurance Coverage in the United States: 2012, September 2013, available at http://www.census.gov/prod/2013pubs/p60-245.pdf.

[12] National Health Expenditure Data, Centers for Medicare & Medicaid Services, Sponsor Highlights, Table 1, available at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html.

[13] National Health Expenditure Data, Centers for Medicare & Medicaid Services, Sponsor Highlights, Table 1, available at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html. Although business health expenditures per employee increased by only 2.3 and 2.4 percent in 2011 and 2012 respectively, the rate of growth is higher than the 2.0 percent in 2006.

[14] Kaiser Family Foundation, Employer Health Benefits 2013 Annual Survey, available at http://kaiserfamilyfoundation.files.wordpress.com/2013/08/8465-employer-health-benefits-20132.pdf.

[15] HR Policy Association, 2014 Annual Chief Human Resource Officer Survey, available at http://www.hrpolicy.org/position_issue_newsstory.aspx?rid=7673.

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[16] Calculated by AHPI using data from National Health Expenditure Data, Centers for Medicare & Medicaid Services, Sponsor Highlights, Table 1, available at http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NationalHealthAccountsHistorical.html; Bureau of Labor Statistics, Access to historical data for the "B" tables of the Employment Situation News Release, available at http://www.bls.gov/ces/cesbtabs.htm; and Bureau of Labor Statistics, Consumer Price Index Databases, All Urban Consumers, All Items Less Medical Care, available at http://www.bls.gov/cpi/data.htm.

[17] Neil Mrkvicka, et.al., "ACA's Cost Impact: Employer Sponsored Health Plans, 2013 Survey Results," International Foundation of Employee Benefit Plans, 2013.

[18] Id.

[19] Id.

[20] Although the economic research on cost-shifting is mixed, in a letter to Senator Evan Bayh, November 30, 2009, the Congressional Budget Office stated that "changes in cost shifting seems likely to be quite small" and "the total amount of cost shifting in the current health care system appears to be modest relative to the overall cost of health insurance." On balance, the letter strongly suggests that CBO believes there will be some increase in cost shifting.

[21] Joint Committee on Taxation, U.S. Congress, Estimated Revenue Effects Of The Amendment In The Nature Of A Substitute To H.R. 4872, The "Reconciliation Act Of 2010," As Amended, In Combination With The Revenue Effects Of H.R. 3590, The "Patient Protection And Affordable Care Act ('PPACA')," As Passed By The Senate, And Scheduled For Consideration By The House Committee On Rules On March 20, 2010, JCX-17-10, March 20, 2010, available at https://www.jct.gov/publications.html?func=startdown&id=3672.

[22] Linda J. Blumberg, et.al., "Implications of the Affordable Care Act for American Business," Urban Institute, Health Policy Center, October 2012, available at: http://www.urban.org/UploadedPDF/412675-Implications-of-the-Affordable-Care-Act-for-American-Business.pdf.

[23] Neil Mrkvicka, et.al., "ACA's Cost Impact: Employer Sponsored Health Plans, 2013 Survey Results," International Foundation of Employee Benefit Plans, 2013. Average calculated by AHPI using data from Exhibit 3a.

[24] Beth Umland and Tracy Watts, Health Reform 2014: Are We There Yet?, Mercer, March 12, 2014, available at http://capsules.kaiserhealthnews.org/wp-content/uploads/2014/03/HCR-2014-Are-We-There-Yet-FINAL_SH.pdf.

[25] Id.

[26] Council of Economic Advisors, Trends in Health Care Cost Growth and the Role of the Affordable Care Act, November 2013, available at http://www.whitehouse.gov/sites/default/files/docs/healthcostreport_final_noembargo_v2.pdf.

[27] David Cutler, The Health-care Law's Success Story: Slowing Down Medical Costs, Washington Post, November 8, 2013, available at http://www.washingtonpost.com/opinions/the-health-care-laws-success-story-slowing-down-medical-costs/2013/11/08/e08cc52a-47c1-11e3-b6f8-3782ff6cb769_story.html.

[28] Council of Economic Advisors, Trends in Health Care Cost Growth and the Role of the Affordable Care Act, November 2013, available at http://www.whitehouse.gov/sites/default/files/docs/healthcostreport_final_noembargo_v2.pdf.

[29] HR Policy Association, 2014 Annual Chief Human Resource Officer Survey, available at http://www.hrpolicy.org/position_issue_newsstory.aspx?rid=7673.

[30] D. M. Cutler, K. Davis, and K. Stremikis, The Impact of Health Reform on Health System Spending, Center for American Progress and The Commonwealth Fund, May 2010.

[31] Council of Economic Advisors, Trends in Health Care Cost Growth and the Role of the Affordable Care Act, November 2013, available at http://www.whitehouse.gov/sites/default/files/docs/healthcostreport_final_noembargo_v2.pdf.

[32] D. Blumenthal, K. Stremikis, and D. Cutler, "Health Care Spending—A Giant Slain or Sleeping?" New England Journal of Medicine, December 26, 2013, available at: http://www.nejm.org/doi/full/10.1056/NEJMhpr1310415.

[33] Id.

[34] Gigi A. Cuckler1, Andrea M. Sisko, Sean P. Keehan, et al., National Health Expenditure Projections, 2012-22: Slow Growth Until Coverage Expands and Economy Improves. Health Affairs, September 2013, available at http://content.healthaffairs.org/content/32/10/1820.

[35] Neil Mrkvicka, et.al., "ACA's Cost Impact: Employer Sponsored Health Plans, 2013 Survey Results," International Foundation of Employee Benefit Plans, 2013.

[36] For example, a recent survey from Mercer found a minimal increase in employer health plan enrollment in 2014which may affect the future cost estimates developed by companies. The Mercer survey also found that over the past two years, the ACA had a significant negative effect on business operations and performance for 9 percent of employers, a slight negative effect for 31 percent of all employers, no effect apart from benefits or HR for 55 percent of employers, and a positive effect on 4 percent of employers. These results suggest that at least 40 percent of employers will take steps to mitigate the negative effect of the ACA by making changes to their health plans. See Beth Umland and Tracy Watts, Health Reform 2014: Are We There Yet?, Mercer, March 12, 2014, available at http://capsules.kaiserhealthnews.org/wp-content/uploads/2014/03/HCR-2014-Are-We-There-Yet-FINAL_SH.pdf.

[37] Census Bureau, "U.S., NAICS sectors, large employment sizes," Statistics of U.S. Businesses, 2011, available at http://www.census.gov/econ/susb/. Although the cost estimates presented in this study are for employers with 10,000 or more employees, a number of employers with 1,000 or more employees responded to the survey with cost data. According to the Census Bureau in 2011 there were 8,910 firms in the U.S. that employed 52.4 million people.

[38] Id.