



Transamerica Center for Health Studies<sup>SM</sup> Survey:  
*Pulse Check on Employer Preparedness for the ACA*

April 2014

# Table of Contents

About the Transamerica Center for Health Studies <sup>SM</sup>	Page 3
About the Survey	Page 4
Method	Page 5
Executive Summary	Page 7
Detailed Findings	Page 9
Demographics	Page 26

# About Transamerica Center for Health Studies<sup>SM</sup>

Transamerica Center for Health Studies<sup>SM</sup> (TCHS) informs the national health care conversation, bringing clarity to the complex decision-making regarding health coverage and personal health and wellness. Through its broad-based analysis and research findings, TCHS offers consumers and employers a guide to navigate the financial implications of the health care decisions they are facing.

TCHS engages with the American public through national surveys, its website, research findings and consumer guidance. TCHS also collaborates with health care experts and organizations that are equally focused on health coverage and personal health and wellness.

A division of the Transamerica Institute<sup>SM</sup>, a nonprofit, private foundation, TCHS is dedicated to identifying, researching and analyzing the most relevant health care issues facing consumers and employers nationwide.

The Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates (not a major medical insurer) and may receive funds from unaffiliated third parties.

# About the Survey

In September 2013, TCHS released findings of its inaugural national survey of the U.S. General Adult Population and Employers regarding their attitudes toward health care. The overall goals for the study were to illuminate emerging trends, promote awareness and help educate the public.

The report that follows includes findings from a brief follow-up survey or “Pulse Check” with employers to assess their level of awareness and preparation given the Affordable Care Act (ACA) mandates directed at businesses.

Harris Poll was commissioned to conduct the survey for TCHS. TCHS is not affiliated with Harris Poll.

# Method

- A 7-minute online survey was conducted March 26 to April 7, 2014 among a sample of 300 employer decision makers ages 18+. Qualified respondents:
  - Were the primary decision makers of employee benefits at their company;
  - Were employed by or the proprietor of a for-profit (non-educational) organization; and
  - Were Owner, CEO/Chairman, Director of HR, Benefits Manager, other HR professional responsible for employee benefits, or other professional responsible for employee benefits.
- Data were weighted (statistically adjusted) on employer size (by number of employees) to be representative of U.S. businesses.
- The following sub-samples were achieved:
  - Businesses with 1-49 full-time employees: 103
  - Businesses with 50-99 full-time employees: 100
  - Businesses with 100+ full-time employees: 100
- Percentages were rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.
- When comparing to the 2013 benchmark study, please note the qualification was slightly less restrictive:
  - Respondents with at least *shared* decision making responsibility for employee benefits and
  - Those with titles other than Owner, CEO/Chairman, Director of HR, or Benefits Manager were able to qualify for the survey as long as they met the other qualification criteria.

# Terminology

- Terminology:
  - ACA: Affordable Care Act
  - \*Denotes proportion between 0 and 0.5% (unless otherwise noted)
  - Terms “companies,” “employers,” and “businesses” are used interchangeably and refer to for-profit and non-educational employers
  - When shown by employer size, labels (i.e., “1-49 Employees” etc.) refer to the number of full-time employees

# Executive Summary

**Employers are significantly more informed about their company's options for offering health insurance than they were in 2013. Thirty-two percent more reported being very informed in 2014.**

- In the 2013 benchmark study, only 37 percent of employers reported being very informed about their options, but in 2014 69 percent are very informed.

**More employers think their number of employees will increase due to ACA.**

- Twenty-eight percent of businesses expect the number of employees to increase as opposed to decrease (15 percent) as a result of the ACA.

**Over a quarter (29 percent) of employers are researching actions that may avoid the need to comply with ACA mandates.**

- Almost a quarter (23 percent) of U.S. businesses are researching reductions in employees or full-time employees in preparation for the ACA implementation.
  - A third of businesses with 100+ employees are researching reductions.
- Fifteen percent are calculating the cost of the tax penalty vs. the cost of complying with the ACA.

**A significant number of small businesses are not well informed about the Small Business Health Options Program (“SHOP”).**

- Although eight in ten companies are aware of the SHOP, only six in 10 businesses with fewer than 50 employees are aware.
- And just seven percent of small businesses intend to offer employees coverage through SHOP.

# Executive Summary

## **Most employers expect changes resulting from the ACA, but details remain unclear.**

- Most (64 percent) employers plan to take action as a result of the ACA.
- But no particular change is cited by more than 20 percent of businesses.
  - Nineteen percent plan to change plan options
  - Seventeen percent plan to tighten requirements for employees to be eligible for health care benefits
  - Seventeen percent plan to change insurers

## **Medium size (50-99 employees) employers are aware of ACA mandate deadline extension.**

- Ninety-one percent of employers with 50-99 employees are aware that the deadline for companies of their size to offer employees health care insurance by January 2015 was extended to January 2016.
- Virtually all (98 percent) employers of this size were aware of the mandate in the first place.

## **Despite concerns that the ACA would cause companies to eliminate dependent coverage, it appears there may be very little net effect on dependent coverage.**

- Ten percent of companies reported that they plan to eliminate coverage of dependents from their health plans, but nine percent said they plan to add dependent coverage as a result of ACA.

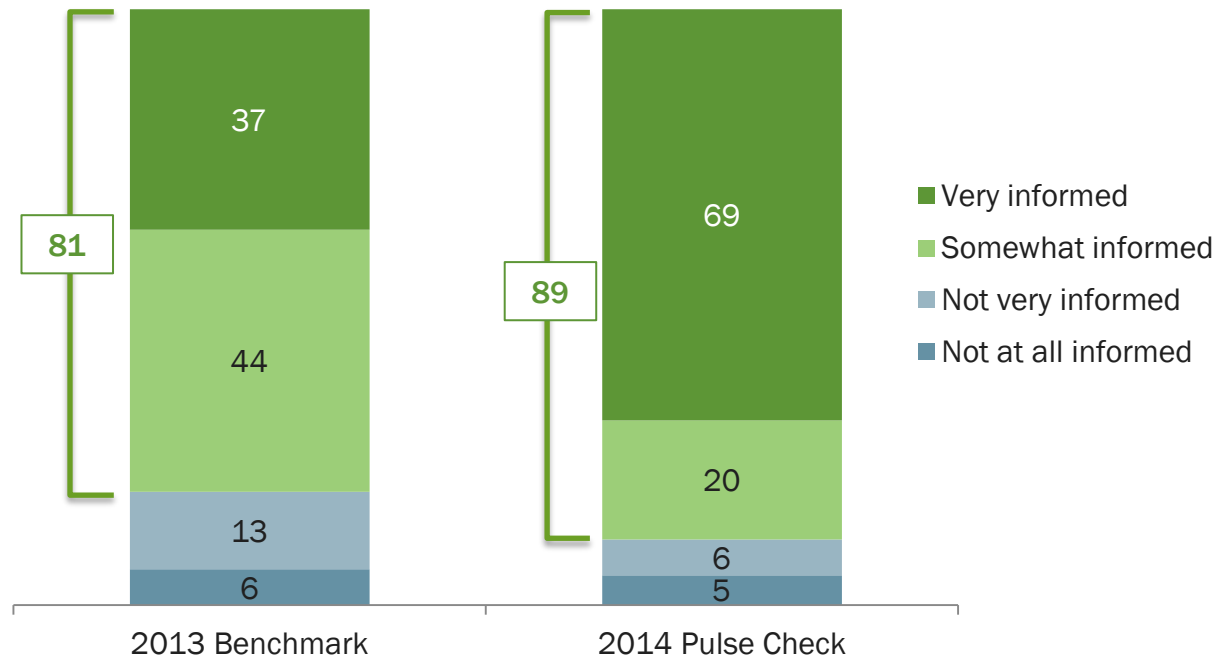


# Detailed Findings

# Extent to which Employers are Informed about Company's Options for Health Insurance

Employers tend to feel more informed on their options for providing health insurance to their employees than they did when the sentiment was measured in 2013. 32 percent more employers responded to being very informed in 2014 than in 2013.\*

## Informed about Health Care Options

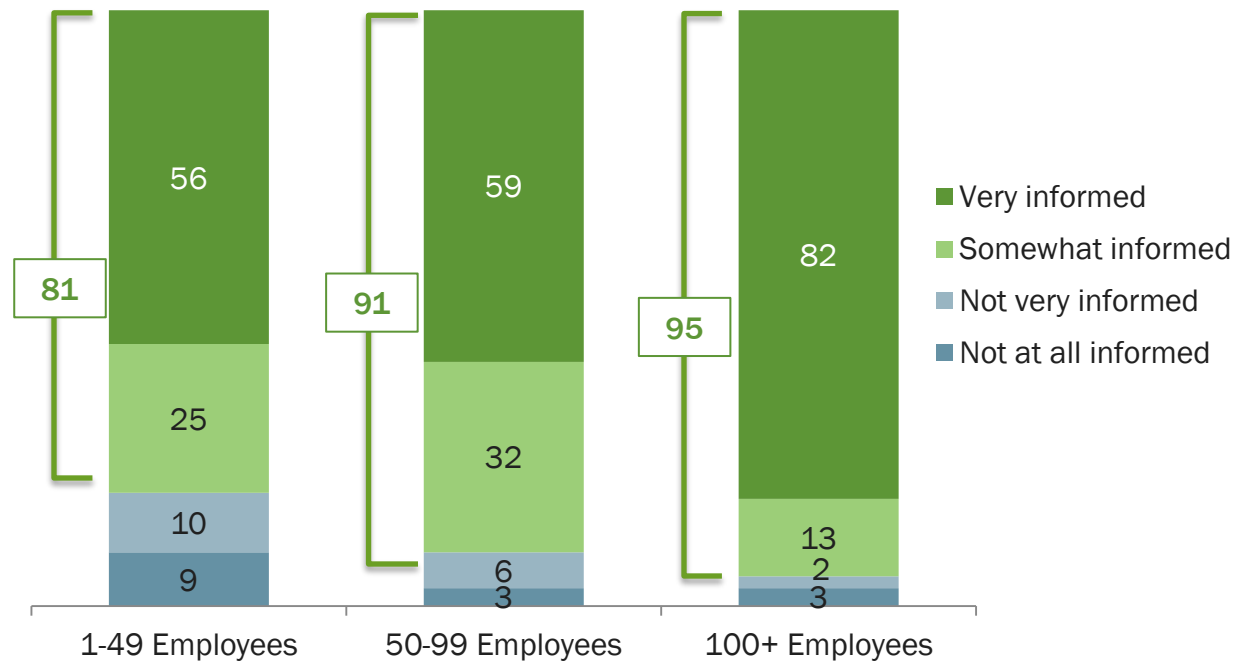


\*Only primary employee benefit decision-makers are included in the 2014 Pulse Check, so the sample composition may naturally be more informed about the ACA and the healthcare benefits environment  
 BASE: All Qualified Respondents (Total n=303)  
 Q1005 (Q1000). Regardless of whether you offer insurance, how informed do you feel about your company's current options for providing health insurance (i.e., major medical health insurance) to your employees?

# Extent to which Employers are Informed about Company's Options for Health Insurance (Continued)

Larger employers report being very informed more than small and medium employers on health insurance options by 26 percent and 23 percent, respectively.

## Informed about Health Care Options: By Company Size



BASE: All Qualified Respondents : 1-49 (n=103); 50-99 (n=100) ; 100+ (n=100)  
 Q1005 (Q1000). Regardless of whether you offer insurance, how informed do you feel about your company's current options for providing health insurance (i.e., major medical health insurance) to your employees?

# Most Businesses Providing Health Care Benefits to Employees

Three-quarters of employers offer health care benefits to their employees – about the same percent of employers that did so in 2013.\*

## Provide Health Care Benefits to Employees

	2013 Benchmark	2014 Pulse Check
Offers benefits (NET)	79	75
<i>Offers to full-time</i>	78	75
<i>Offers to part-time</i>	14	11
Does not offer benefits	21	25

\*Only primary employee benefit decision-makers are included in the 2014 Pulse Check, so the sample composition may naturally be more informed about the ACA and the healthcare benefits environment the ACA and may not necessarily mean employers are more informed compared to 2013.

BASE: All Qualified Respondents (Total n=303)

Q800. Does your company provide any healthcare benefits to any of your employees?

# Most Businesses Providing Health Care Benefits to Employees (Continued)

Just a small fraction of employers with at least 50 full-time employees do not offer health care benefits; while the majority of employers with fewer than 50 full-time employers do not.

## Provide Health Care Benefits to Employees: By Company Size

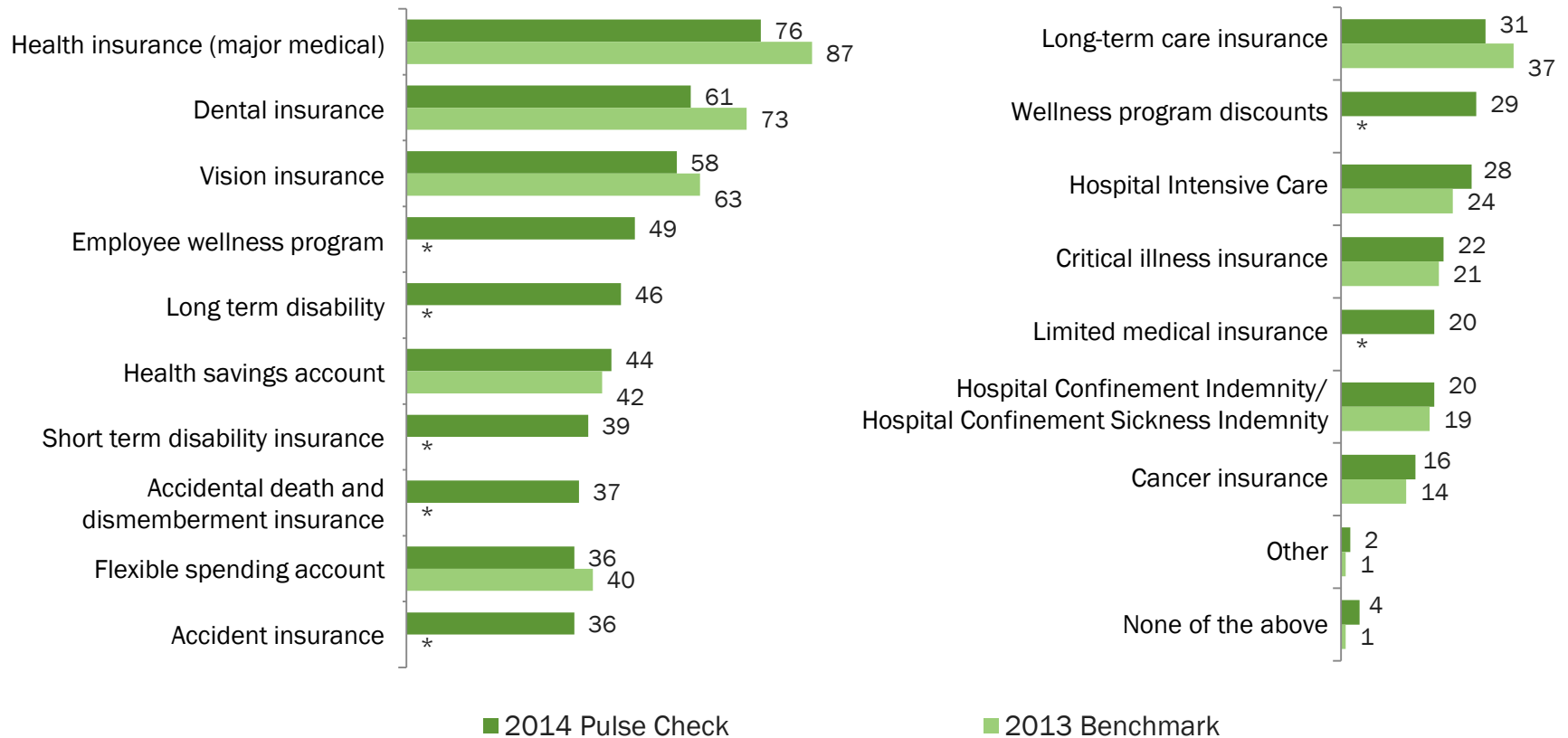
	1-49 Employees	50-99 Employees	100+ Employees
Offers benefits (NET)	43	95	97
<i>Offers to full-time</i>	41	95	97
<i>Offers to part-time</i>	8	9	14
Does not offer benefits	57	5	3

BASE: All Qualified Respondents :1-49 (n=103); 50-99 (n=100) ; 100+ (n=100)  
 Q800. Does your company provide any healthcare benefits to any of your employees?

# Benefits Offered to Employees

Companies that offer benefits are most likely to offer health insurance (76 percent), dental insurance (61 percent), and vision insurance (58 percent).

## Benefits Offered (Among employers offering benefits)



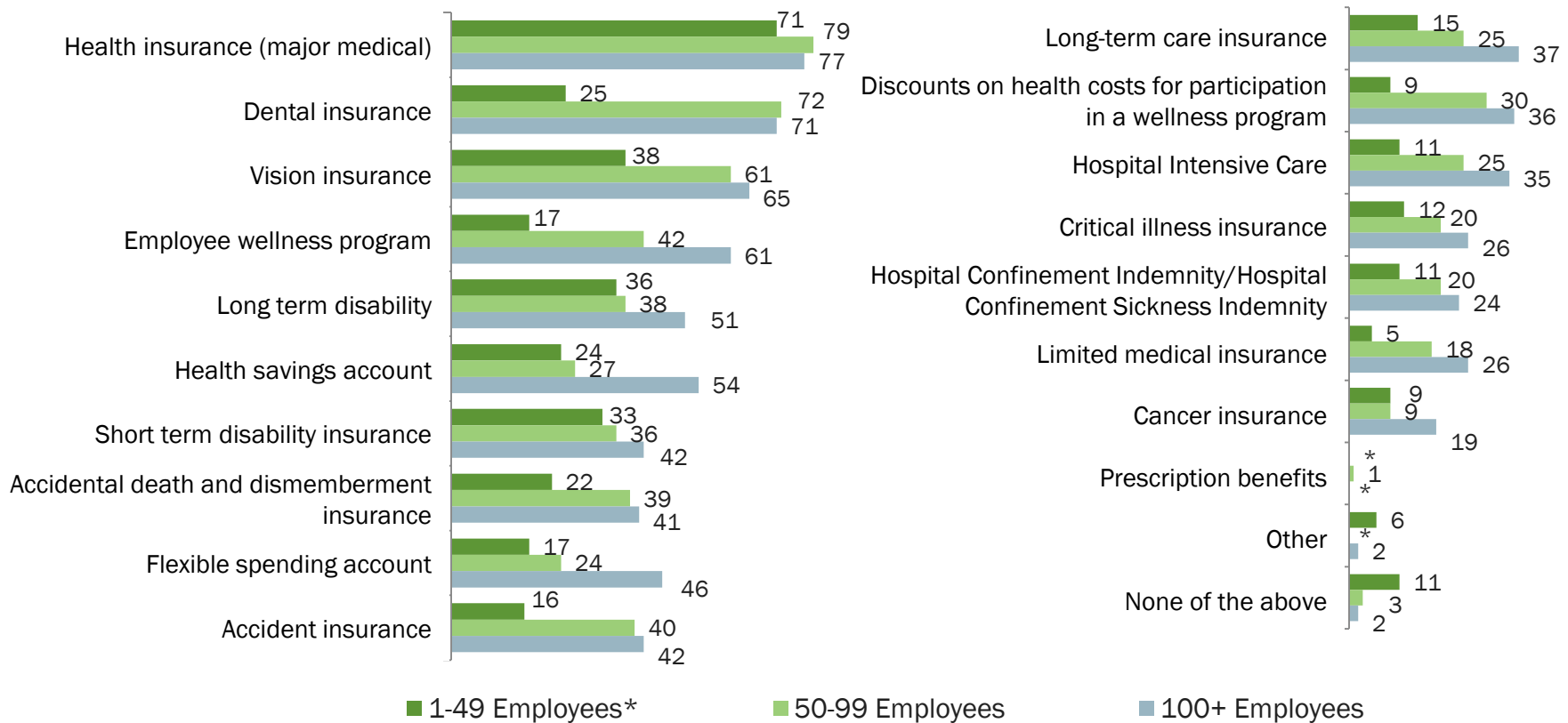
BASE: Company Provides Healthcare Benefits (Total n=222)  
Q810 (Q1110). Which of the following healthcare benefits does your company offer to employees?

\*Response choice not offered in 2013 benchmark

# Benefits Offered to Employees (continued)

Among employers offering benefits, larger employers are more likely than smaller employers to offer most types of benefits.

## Benefits Offered: By Company Size



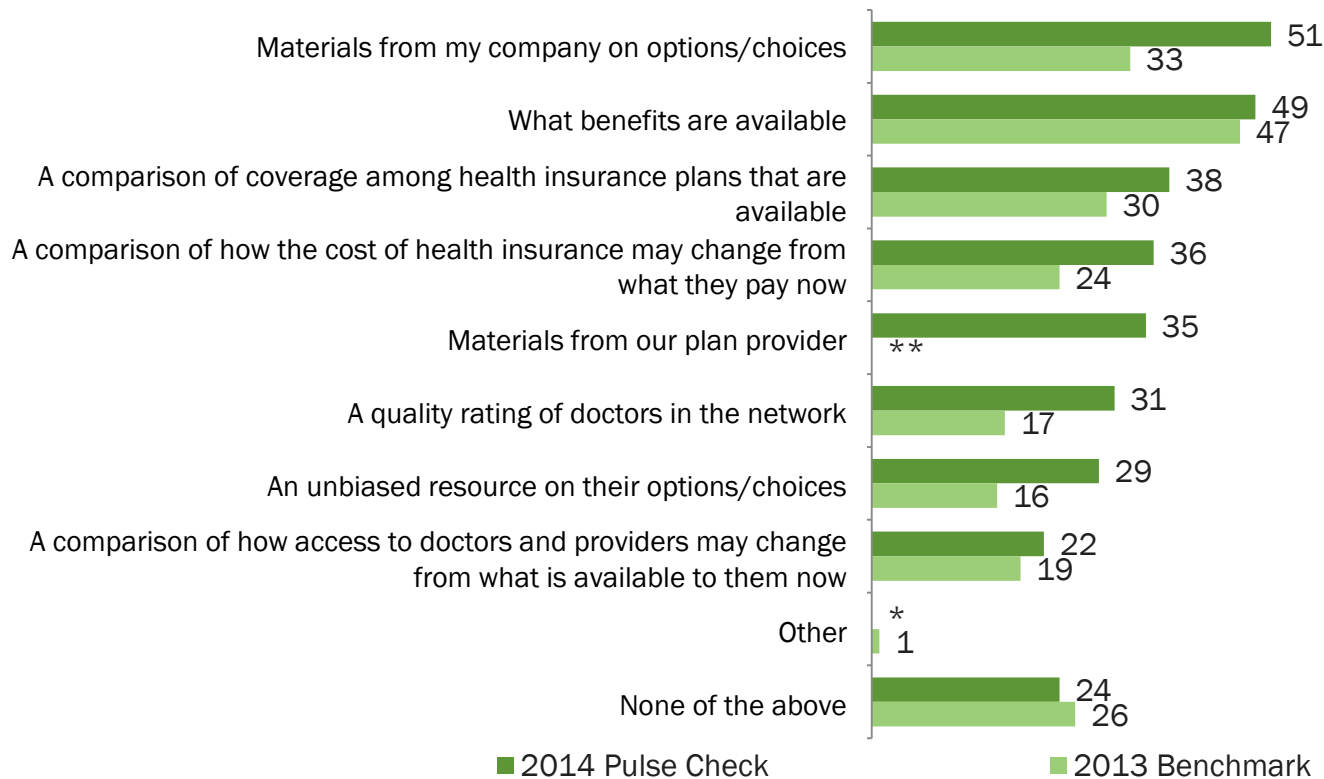
BASE: Company Provides Healthcare Benefits : 1-49 (n=29); 50-99 (n=95) ; 100+ (n=98)  
Q810 (Q1110). Which of the following healthcare benefits does your company offer to employees?

\*\*Note small base size

# Health Insurance Information Provided to Employees

About half of companies offer materials on options/choices (51 percent) or on the benefits available (49 percent). More companies are offering each of the listed types of information than in 2013. Nearly a quarter of companies don't offer any of the information listed to their employees.†

## Health Insurance Information Provided to Employees



†Only primary employee benefit decision-makers are included in the 2014 Pulse Check, so the sample composition may naturally be more informed about the ACA and the healthcare benefits environment

BASE: All Qualified Respondents (Total n=303)

Q1102. What information, if anything, do you provide so that your employees can make informed choices about their health insurance options?

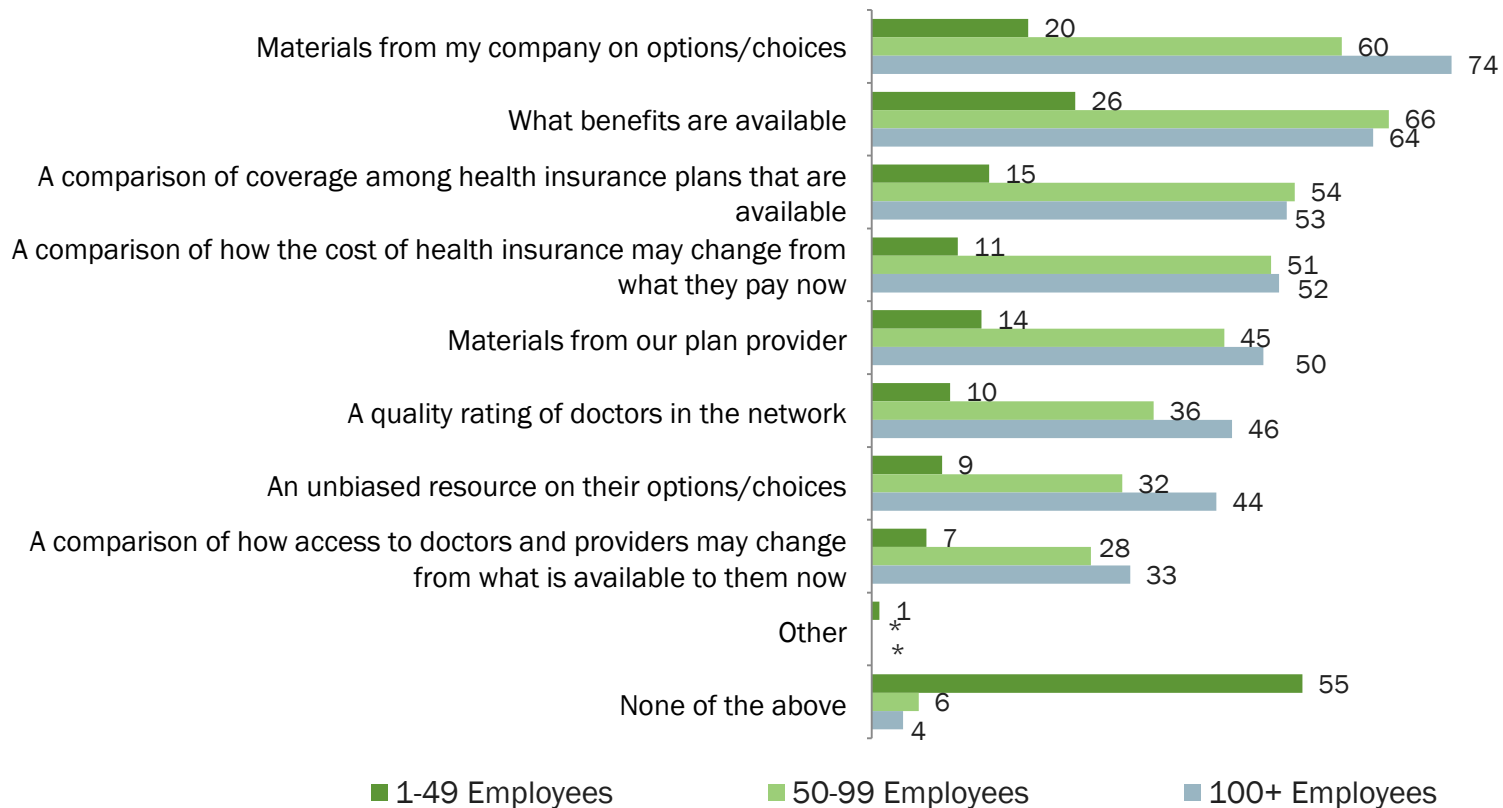
\*\*Response choice not offered in 2013 benchmark



# Health Insurance Information Provided to Employees

Larger companies are significantly more likely than smaller companies to offer their employees information about health insurance options. Fifty-five percent of small companies provide none of the listed types of information.

## Health Insurance Information Provided to Employees: By Company Size



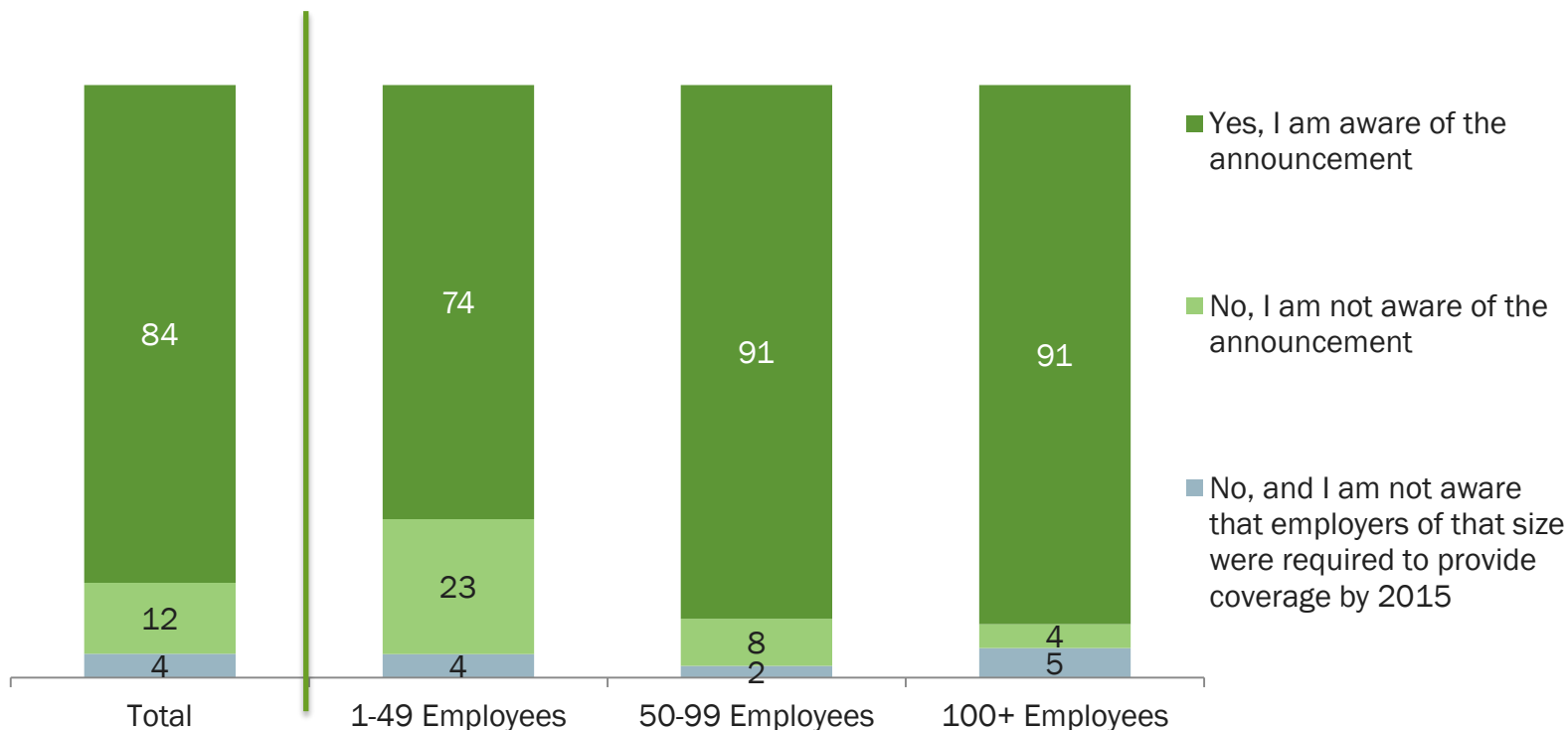
BASE: All Qualified Respondents 1-49 (n=103); 50-99 (n=100) ; 100+ (n=100)

Q1102. What information, if anything, do you provide so that your employees can make informed choices about their health insurance options?

# Aware of Mandate Deadline Extension for Employers with 50-99 Employees

Most (91 percent) employers with 50-99 employees were aware of the deadline extension to provide health insurance for all full-time employees, but four percent were not aware they were no longer mandated in 2015 and five were not aware of the mandate at all.

Awareness of Mandate Deadline Extension

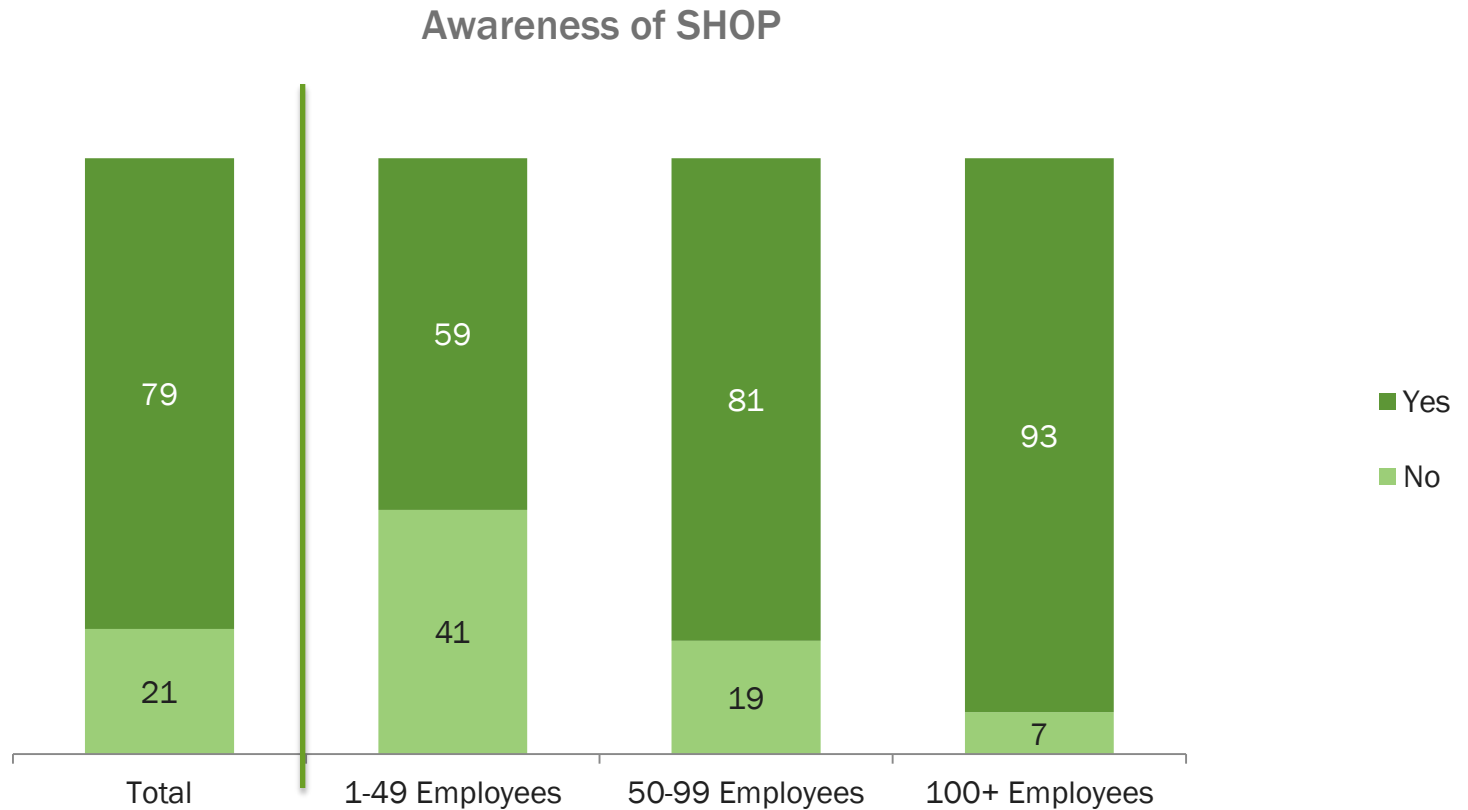


BASE: All Qualified Respondents Total (n=303); 1-49 (n=103); 50-99 (n=100) ; 100+ (n=100)

Q1350. As you may know, the ACA insurance mandate for businesses will go into effect in January 2015 and January 2016. Until recently, employers with 50 or more employees would have been required to provide health insurance for all full-time employees as of January 2015. Employers with less than 50 employees are not required to provide health insurance. Were you aware that in February, the federal government extended the mandate deadline for employers with 50 to 99 employees until January 2016? (The ACA still mandates that in January 2015, employers with 100 or more employees provide health insurance.) Were you aware that in February, the federal government extended the mandate deadline for employers with 50 to 99 employees until January 2016?

# Most Employers are Aware of Small Business Health Options Program (SHOP)

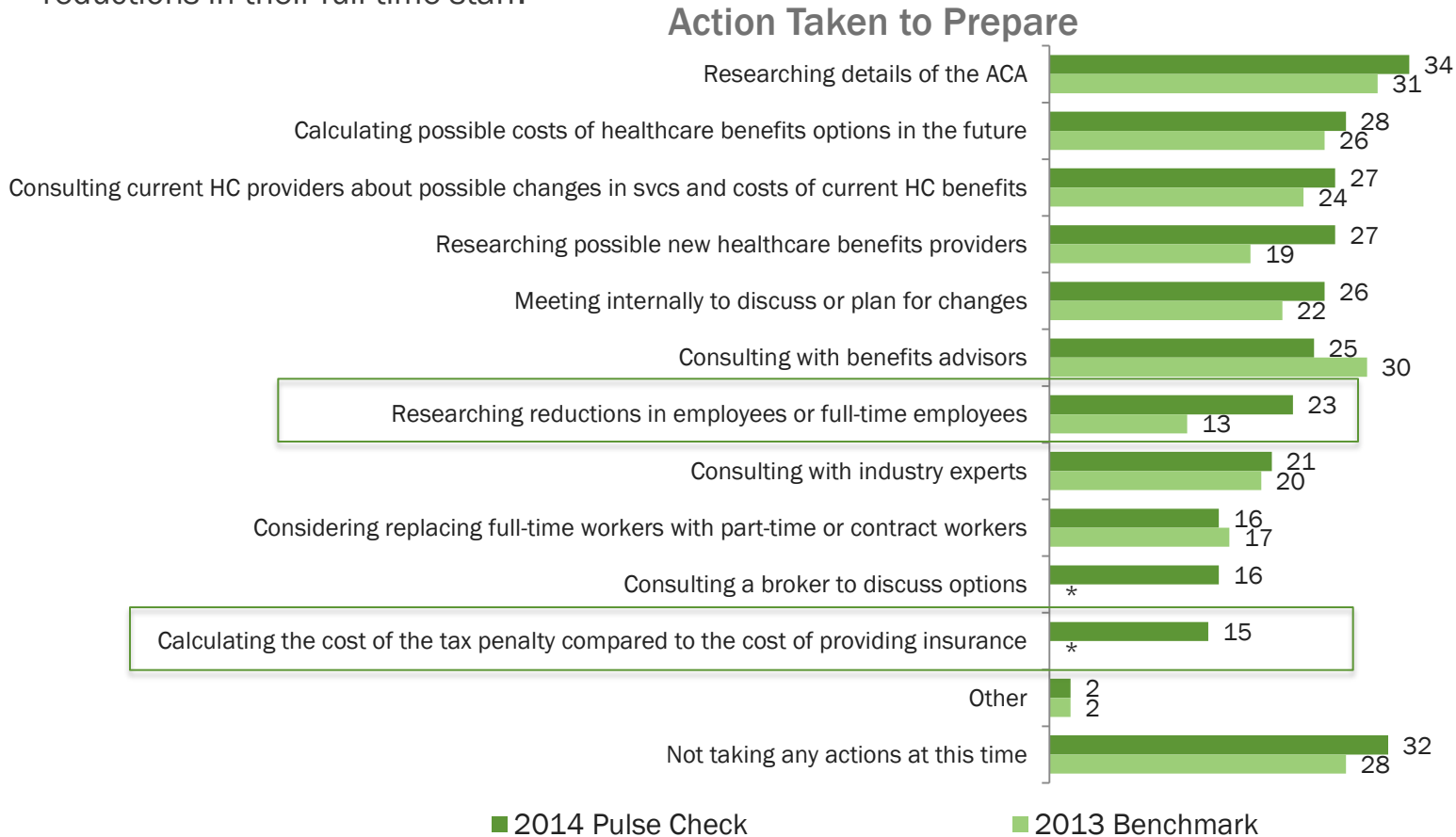
Although eight in 10 companies are aware of the SHOP, only six in 10 businesses with fewer than 50 employees – those that are eligible to use SHOP – are aware.



BASE: All Qualified Respondents Total (n=303); 1-49 (n=103); 50-99 (n=100); 100+ (n=100)  
Q1355. Are you aware of the SHOP Marketplaces?

# Actions Taken to Prepare for the ACA

About two-thirds of employers have done something to prepare for changes related to the ACA – most commonly, researching ACA details (34 percent) and calculating possible costs of health care benefits (28 percent). As the mandate approaches, employers are more likely now than in 2013 to be researching reductions in their full-time staff.



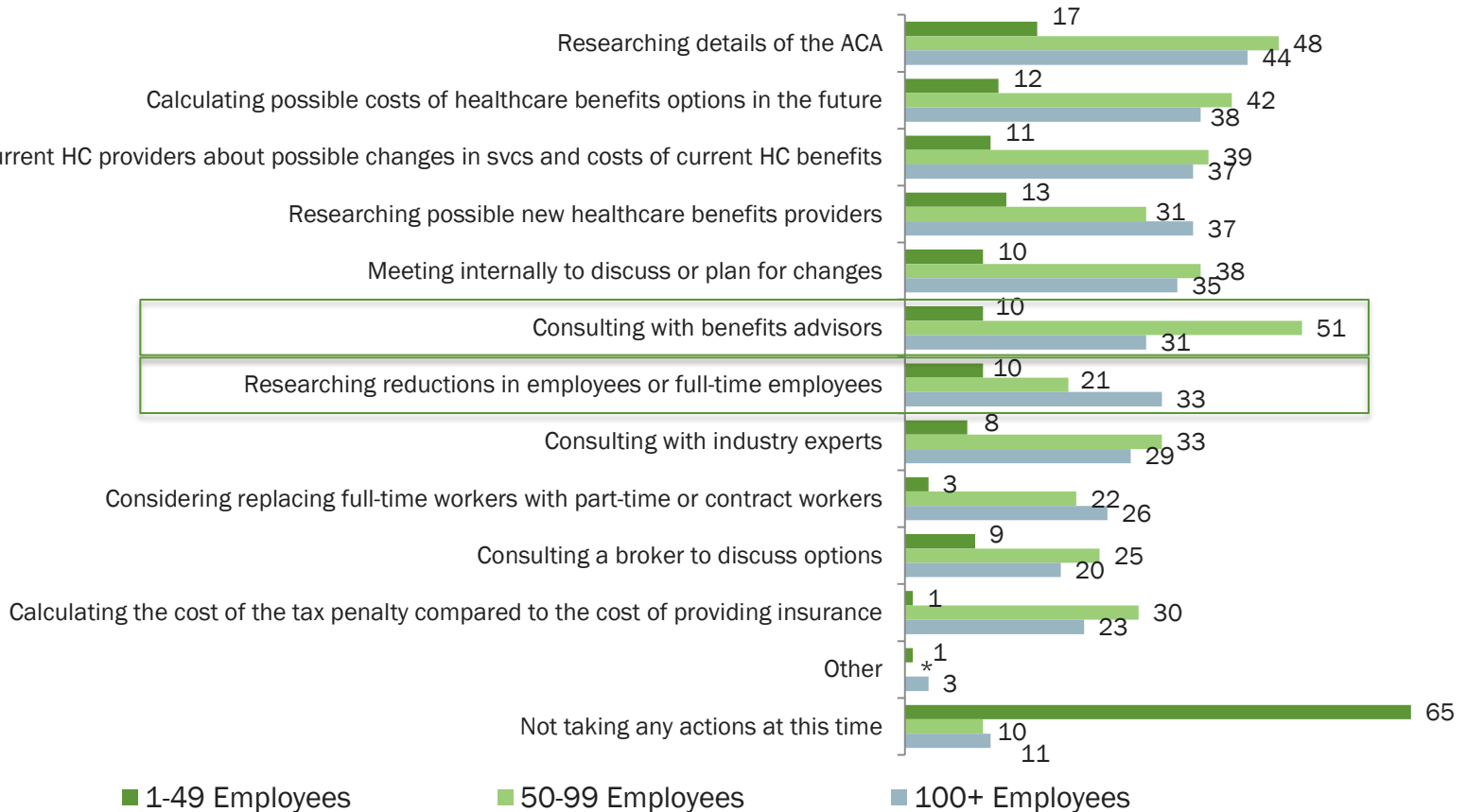
BASE: All Qualified Respondents (Total n=303)  
 Q1325. What action is your company taking in preparation for changes related to the ACA?

\*Response choice not offered in 2013 benchmark

# Actions Taken to Prepare for the ACA (Continued)

Only a third (35 percent) of employers with fewer than 50 employees are taking action to prepare for the ACA. Medium-sized employers (50-99 employees) are more likely to consult with benefits advisors (51 percent to 31 percent) and are less likely to research reductions in employees than larger companies (21 percent to 33 percent).

## Action Taken: By Company Size



BASE: All Qualified Respondents 1-49 (n=103); 50-99 (n=100) ; 100+ (n=100)  
 Q1325. What action is your company taking in preparation for changes related to the ACA?

# Actions Employers Plan to Take as a Result of the ACA

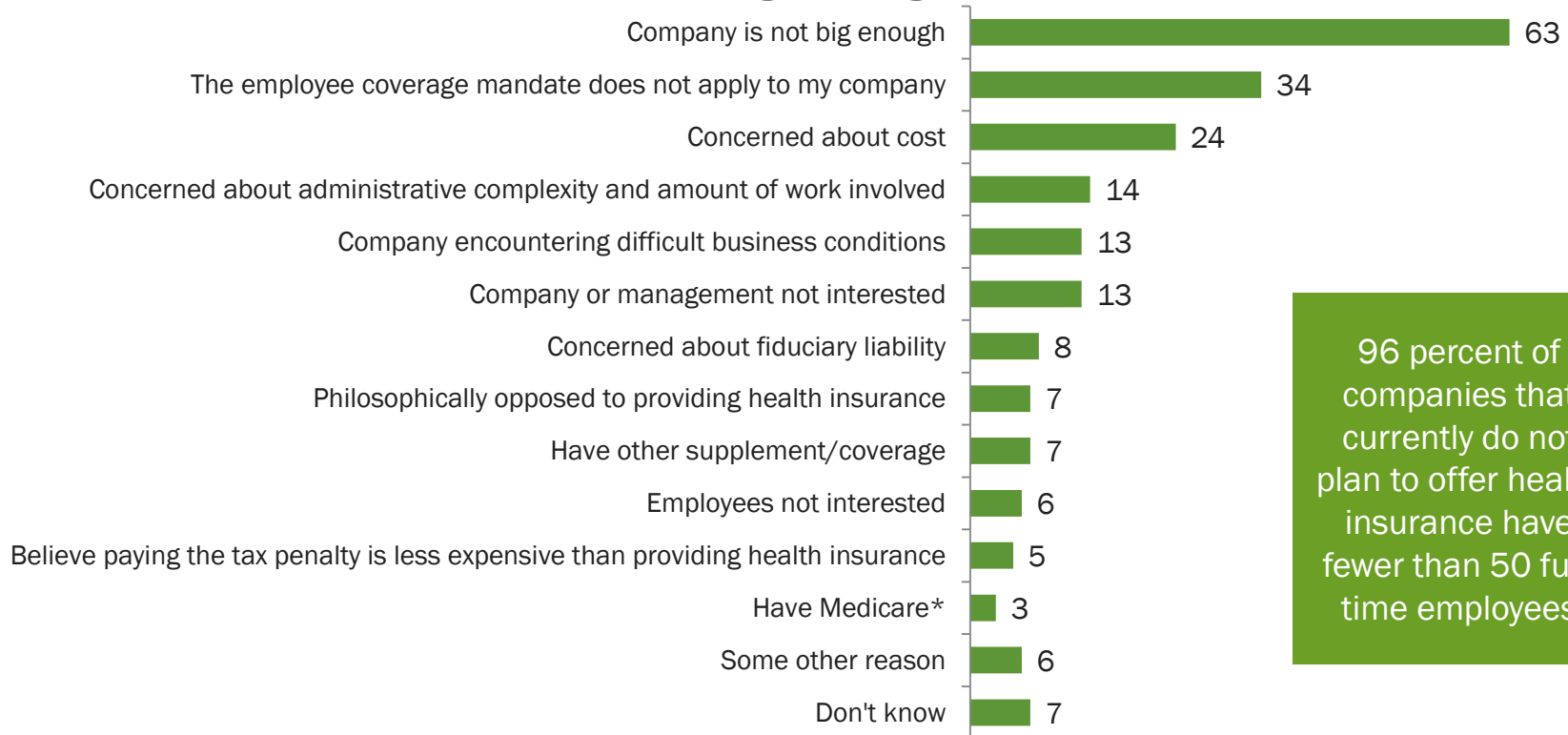
Most (64 percent) employers plan to take action as a result of the ACA. Most common are changing plan options or insurers and tightening the eligibility requirements for employees to be eligible for health care benefits. Seventy percent of small companies don't expect any changes.

	Total	1-49 Employees	50-99 Employees	100+ Employees
Taken any action (NET)	64	30	89	85
Change plan options	19	1	29	31
Tighten requirements for employees to be eligible for healthcare benefits	17	6	17	25
Change insurers	17	6	17	25
Consult a broker to discuss options	16	6	29	21
Offer coverage to employees through the Small Business Health Options Program (SHOP) marketplace	15	7	16	21
Reduce or remove healthcare benefits other than health insurance	14	3	13	23
Add health insurance	14	7	24	18
Add or increase company contribution to cover costs for healthcare benefits other than health insurance benefits	13	-	13	24
Calculated the cost of the tax penalty compared to the cost of providing insurance	13	6	24	17
Reduce or eliminate company contribution to cover costs for healthcare benefits other than health insurance	12	6	13	16
Implement a wellness program	12	1	24	18
Add healthcare benefits other than health insurance	11	1	11	19
Loosen requirements for employees to be eligible for healthcare benefits	11		13	19
Add or increase company contribution to cover costs for health insurance	11	4	15	16
Self-insuring employee health coverage	10	1	15	16
Reduce or eliminate company contribution to cover costs for health insurance	10	4	19	13
Eliminate dependent coverage on employee health plans	10	4	14	13
Add an independent third party administrator of health plans	9	4	13	13
Add dependent coverage to employee health plans	9	1	16	14
Remove health insurance	6	4	9	7
Reduce number of employees/full time employees	*	1	1	-
Other	*	-	-	*
None - I don't expect any changes	36	70	11	15

# Reason for Not Offering Coverage Despite the ACA

Of the companies that do not offer health insurance and do not plan to offer health insurance as a result of the mandate, most (63 percent) say it is because their company is not big enough or it does not apply (34 percent).

## Reason Cited for Not Offering Coverage



96 percent of companies that currently do not plan to offer health insurance have fewer than 50 full-time employees

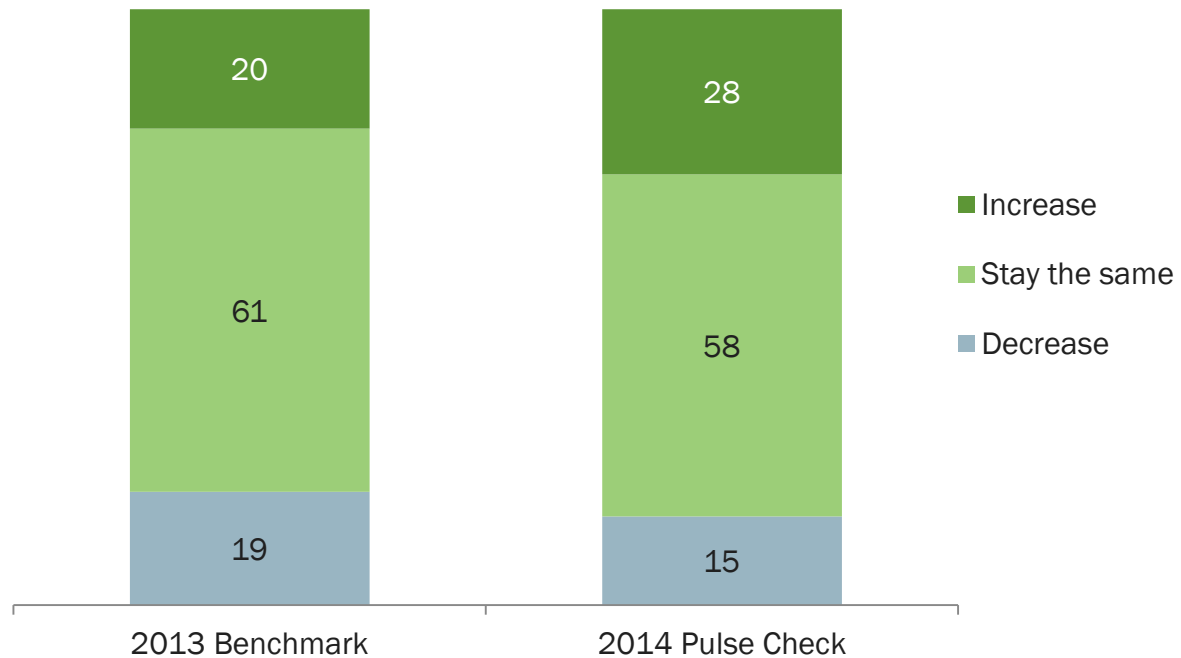
BASE: Company Doesn't Provide Healthcare Benefits and Not Likely to Offer and Does Not Offer Coverage or Health Insurance as a Results of the ACA: Total (n=75) Q1030. What are the reasons that your company is not likely to offer a health insurance plan?

\* Likely a sole proprietor with medicare

# Expected Change in Company Size

Employers are more likely to expect their company to grow due to the ACA than they were in 2013.

## Companies Expecting Change in Employees



BASE: All Qualified Respondents (Total n=303)

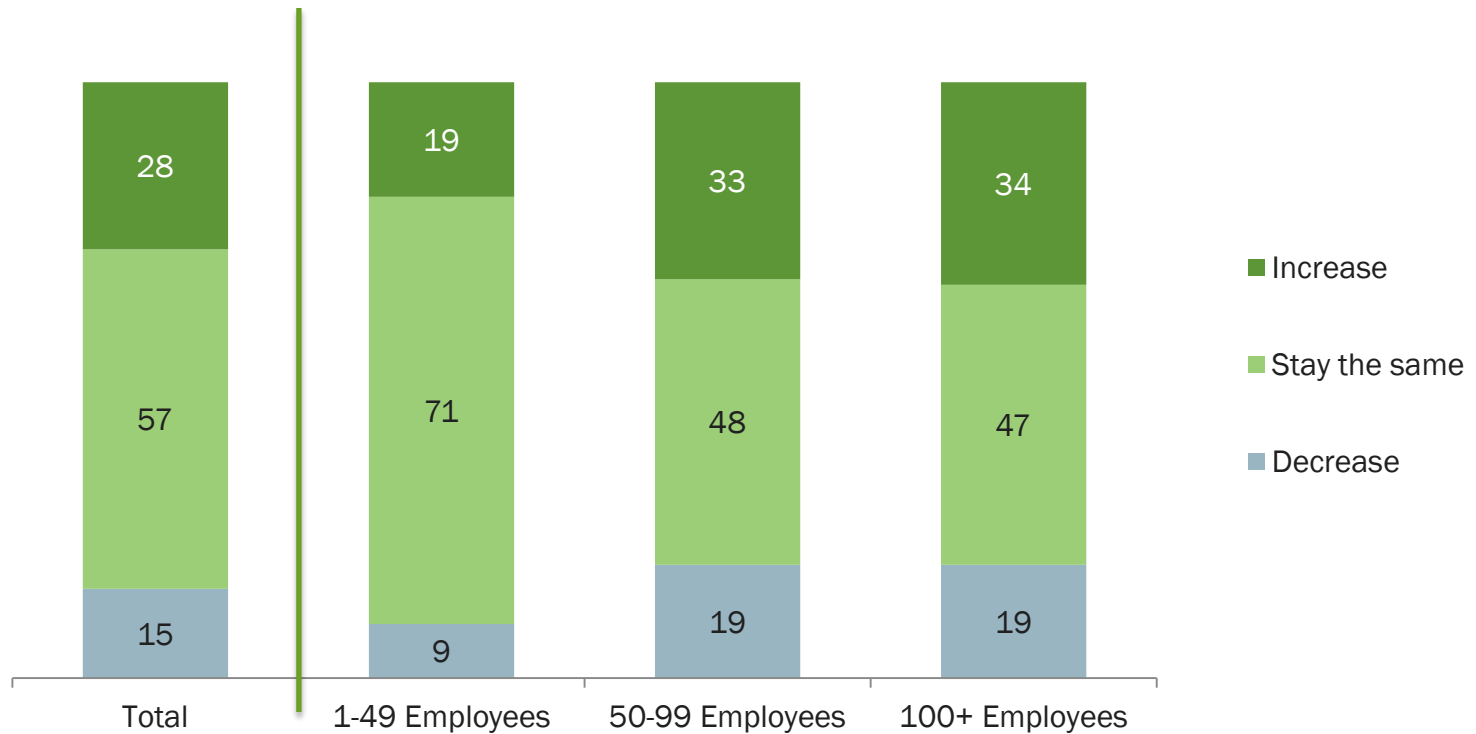
Q1332. Over the next 2 years, do you anticipate your company will increase, decrease, or have no changes in its number of employees as a result of the ACA?



# Expected Change in Company Size (Continued)

More employers expect the size of their company to increase (28 percent) than those that expect a decrease (15 percent), but the majority expect no change (57 percent).

## Companies Expecting Number of Employees



BASE: All Qualified Respondents 1-49 (n=103); 50-99 (n=100) ; 100+ (n=100)

Q1332. Over the next 2 years, do you anticipate your company will increase, decrease, or have no changes in its number of employees as a result of the ACA?

# Demographics

# Demographics

Gender	2014
Male	63%
Female	37%
Employment Status	
Employed full time	78%
Employed part time	-
Self-employed	22%
Not employed, but looking for work	-
Not employed and not looking for work	-
Not employed, unable to work due to a disability or illness	-
Retired	-
Student	-
Stay-at-home spouse or partner	-
Employed	
For-Profit	100%
Non-Profit	-
Government	-

Primary Business	2014
Manufacturing	21%
Agriculture, mining or construction	2%
Transportation, communications, or utilities	5%
Professional services, including finance, legal, engineering, and health care	32%
Service industries such as retail trade, hospitality, or administration	9%
Education	-
Some other type of business	31%
Employee Title	
Owner	42%
CEO/Chairman	8%
President	12%
Director of HR	16%
Benefits Manager	12%
Other	-
Other HR professional responsible for employee benefits	3%
Other professional responsible for employee benefits	7%

# Demographics

Employer Size (Total)	2014
1 - 5	20%
6 - 9	4%
10 - 24	6%
25 - 49	7%
50 - 99	9%
100 - 499	10%
500 - 999	22%
1000 or more	21%
Employer Size (Full-Time Only)	
1 - 5	24%
6 - 9	3%
10 - 24	6%
25 - 49	6%
50 - 99	10%
100 - 499	16%
500 - 999	16%
1000 or more	18%

Owners of Company	2014
Female	37%
Black or African American	13%
Non-white Hispanic	16%
Asian or Pacific Islander	10%
Native American or Alaskan Native	6%
Mixed Race	12%
Some other non-white race	4%
None of these	39%
Not sure	4%
Decline to answer	2%
Company Revenue	
Less than \$500,000	21%
\$500,000 to less than \$1 million	3%
\$1 million to less than \$5 million	15%
\$5 million to less than \$10 million	9%
\$10 million to less than \$50 million	10%
\$50 million to less than \$200 million	13%
\$200 million to less than \$500 million	5%
\$500 million to less than \$1 billion	11%
\$1 billion or more	9%
Don't know	1%
Decline to answer	3%

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