

SUMMARY OF INTERESTING FINDINGS IN THE ACA SMALL BUSINESS SURVEY

Technical Overview of Survey

The survey was conducted in April 2017 by Hanover Research for the Mercatus Center at George Mason University and Dr. Casey Mulligan of the University of Chicago. Hanover was instructed to survey managers or owners employed full time at a business with between 2 and 199 full-time employees and in existence in both 2016 and at the time of the survey (the week of March 13–17, 2017). Each survey respondent must have a role in the business’s hiring and employee-benefit decisions. The sampling began by identifying members of a verified-respondents panel whose personal information indicated that they likely fit the required respondent profile.¹ A random sample of those respondents was invited by email to participate in the survey and to receive a reward for completion. A survey was terminated early, and any responses excluded from the sample, if responses to one of the first eleven questions indicated that the respondent did not fit the aforementioned profile.² About 15 percent of respondents were further excluded from the final sample of 745 because they (a) completed the survey too quickly, (b) provided flat or straightlined responses (e.g., always chose answer “A”), or (c) gave nonsense answers to the open-ended questions.

Respondents provided their answers online at their convenience (typically in the early evening) and were permitted to take a long pause during their survey. Including the long pauses, the median (average) survey duration was 13 (26) minutes, respectively. The sampling was stratified between businesses with 2–49 employees and 50–199 employees. In principle, invitations to one of the strata would have ceased if that strata were significantly larger than the other. However, in this survey no action was taken to rebalance the strata because the two were of similar size throughout the survey week.³

Respondents appear to work or reside in 47 states plus the District of Columbia.⁴ They work in a variety of industries, as shown in the “demographics of respondents” section. An almost exactly equal number of respondents indicated they more frequently vote Democrat as the number who indicated they more frequently vote Republican.

¹ For example, the respondent is employed in the occupation of manager, etc.

² Table 1 shows the number of respondents who exited the survey early for failing one of the profile requirements.

³ The final sample had 415 respondents from businesses with 2–49 full-time employees and 330 respondents from businesses with 50–199 full-time employees.

⁴ Location is derived from the respondents’ connections to their Internet service providers. Note that respondents are able to participate in the survey via mobile devices. Two of the 745 Internet service provider locations were outside of the United States.

Table 1. Survey Terminations by Answer Resulting in Termination

Question number	Answer resulting in survey termination	Number terminated here
1	Not employed full time	140
3	Title is not at manager level or higher	62
4	Company only started in 2017	14
5	Number of full-time employees currently is <2 or 200+	140
6	Average number of full-time employees in 2016 was <2 or 200+	18
8	"No" or "limited" role in regards to deciding employee hiring and benefits	197
Total survey terminations		571

Selected Survey Questions with Responses

1) Do employees at your small business qualify for some form of continuation of coverage?

- a. Our survey finds that of firms with 2–49 full-time employees, 48 percent indicated continuation of coverage does happen, while only 39 percent indicated there is no option for continuation of coverage. Of firms with 50–199 full-time employees, 57 percent indicated there is an offering of continuation of coverage, while only 28 percent indicated there is not.

Q3.19 Have any former employees at your company qualified for a continuation of their health benefits through your company? This could be due to retiring employees or those qualified through the Consolidated Omnibus Budget Reconciliation Act (COBRA).	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
Yes	48	48%	141	57%
No	39	39%	70	28%
I don't know	13	13%	36	15%
Total	100		247	

2) How did your small business comply with the ACA?

- a. Our survey finds that of firms with 2–49 full-time employees, 31 percent hired advisors outside of standard benefits brokers to help comply with the ACA. Of firms with 50–199 full-time employees, 44 percent hired advisors.

Q5.5 Did your company hire an external advisor, separate from your benefits provider or broker, to help ensure it was complying with ACA regulations?	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
Yes	128	31%	144	44%
No	257	62%	162	49%
I don't know	30	7%	24	7%
Total	415		330	

- b. Our survey finds that of firms with 2–49 employees, 43 percent were either mostly or wholly motivated by the ACA to change their health plan offering within the past three years. Of firms with 50–199 employees, 50 percent were either mostly or wholly motivated by the ACA to change their health plan offering.

Q5.9 You previously stated that you have changed your health insurance offerings in the past 3 years, to what degree was this update motivated by the new laws surrounding the ACA?	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
Not at all motivated	39	27%	30	21%
Partially motivated	44	30%	41	29%
Mostly motivated	41	28%	45	31%
Wholly motivated	22	15%	27	19%
Total	146		143	

3) Why does your firm offer health insurance benefits?

- a. Our survey finds that of firms with 2–49 employees, 94 percent of the respondents indicated they offer insurance benefits to stay competitive with other companies or out of a sense of responsibility, while only 6 percent offer these benefits because of legal requirements or other factors. Of firms with 50–199 employees, 96 percent indicated they offer health insurance benefits to stay competitive with other companies or out of a sense of responsibility, while only 4 percent offer these benefits because of legal requirements or other factors.

Q3.7 Thinking about your own employer and its benefits offerings, which of the following influenced your organization’s decision to offer these benefits, outside of any legal requirement to do so? (Employer-sponsored health insurance through a private insurer)	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
A sense of responsibility towards employees	161	64%	133	52%
Staying competitive with other companies which offer similar benefits	77	30%	112	44%
No reason other than a legal requirement to offer it	11	4%	7	3%
Other factors	4	2%	4	2%
Total	253		256	

4) How would your company be affected if the ACA were repealed?

- a. Our survey finds that of firms with 2–49 employees, 73 percent indicated they would be positively affected or would not be affected if the ACA were repealed. Of firms with 50–199 employees, 80 percent indicated they would be positively affected or would not be affected if the ACA were to be repealed.

Q9.3 How would your company be affected if the ACA is repealed?	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
It would be much worse off	36	9%	17	5%
It would be somewhat worse off	78	19%	48	15%
It would not be better or worse off	186	45%	140	42%
It would be somewhat better off	61	15%	77	23%
It would be much better off	54	13%	48	15%
Total	415		330	

5) What benefit practices have you adjusted as a result of the ACA? (Multiple choice question, so number of responses is greater than the total of 745 respondents included in the sample surveyed)

- a. Our survey finds that of firms with 2–49 employees, 27 percent indicated they are requiring their employees to pay more towards health insurance as a result of the ACA. Of firms with 50–199 employees, 25 percent indicated they are requiring their employees to pay more towards health insurance as a result of the ACA.
- b. Of firms with 2–49 employees, 43 percent indicated they have decreased the benefits offered or limited the number of offerings. Of firms with 50–199 employees, 55 percent indicated they have decreased the benefits offered or limited the number of offerings.
- c. Of firms with 2–49 employees, 31 percent indicated they have decreased wages or bonuses as a result of the ACA. Of firms with 50–199 employees, 38 percent indicated they have decreased wages or bonuses as a result of the ACA.
- d. Of firms with 2–49 employees, 37 percent indicated their benefits have not changed as a result of the ACA. Of firms with 50–199 employees, 34 percent indicated their benefits have not changed as a result of the ACA.

Q5. 16 In which of the following ways have your employee healthcare benefits been changed as a result of the ACA? Please select all that apply.	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
Employees are required to pay more toward their health insurance	111	27%	82	25%
Plan offerings have been limited	66	16%	65	20%
Employee bonuses have been cut	58	14%	58	18%
Lower-cost plans with fewer benefits are now exclusively offered	56	13%	50	15%
New employee wages have been cut	45	11%	41	12%
Wages have been raised to enable employees to purchase a plan from the state exchange	46	11%	35	11%
Spousal coverage has been dropped	25	6%	38	12%
Group coverage has been dropped	32	8%	29	9%
Existing employee wages have been cut	24	6%	28	8%
Other	17	4%	8	2%

Our healthcare benefits have not changed as a result of the ACA	152	37%	112	34%
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6) How have your employment practices changed as a result of the ACA? *(Multiple choice question, so number of responses is greater than the total of 745 respondents included in the sample surveyed)*

- a. Our survey finds that of firms with 2–49 employees, 49 percent have not changed their employment practices as a result of the ACA. Of firms with 50–199 employees, 38 percent indicated they have not changed their employment practices as a result of the ACA.
- b. Of firms with 2–49 employees, 22 percent indicated they are hiring fewer employees or decreasing salaries for new employees as a result of the ACA. Of firms with 50–199 employees, 24 percent indicated they are hiring fewer employees or decreasing salaries for new employees as a result of the ACA.
- c. Of firms with 2–49 employees, 31 percent indicated they are reducing hours for new and existing employees or hiring more employees at part-time status rather than full-time status as a result of the ACA. Of firms with 50–199 employees, 32 percent indicated they are reducing hours for new and existing employees or hiring more employees at part-time status rather than full-time status as a result of the ACA.
- d. Of firms with 2–49 employees, 21 percent indicated they are hiring more employees or increasing salaries for new employees as a result of the ACA. Of firms with 50–199 employees, 39 percent indicated they are hiring more employees or increasing salaries for new employees as a result of the ACA.

Q5.13 Have employment practices changed at your company as a result of the ACA?	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
No	202	49%	127	38%
Yes, we are hiring fewer employees	57	14%	51	15%
Yes, we have increased salaries for new employees	44	11%	64	19%
Yes, we are hiring more employees	42	10%	65	20%
Yes, we are hiring more employees at part-time status rather than full-time status	53	13%	48	15%
Yes, we are reducing hours for new employees	35	8%	37	11%
Yes, we have decreased salaries for new employees	33	8%	27	8%
Yes, we are reducing hours for existing employees	41	10%	19	6%
I don't know	17	4%	10	3%

Demographics of Respondents

Q9.4 Are you registered to vote as a Republican, Democrat, independent, or something else?	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
Republican	132	32%	107	32%
Democrat	118	28%	114	35%
Independent but more frequently vote Republican	49	12%	42	13%
Independent but more frequently vote Democrat	56	13%	34	10%
Other	16	4%	7	2%
I am not registered to vote	6	1%	3	1%
I prefer not to say	38	9%	23	7%
Total	415		330	

Q9.5 Do you consider yourself to be conservative or liberal when thinking about politics?	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
Moderate	121	29%	106	32%
Conservative	87	21%	72	22%
Liberal	79	19%	67	20%
Lean conservative	50	12%	34	10%
Lean liberal	37	9%	29	9%
Undecided	16	4%	7	2%
Other	1	0%	1	0%
I prefer not to say	24	6%	14	4%
Total	415		330	

In which of the following industries do you work?	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
Construction	48	12%	44	13%
Educational services	37	9%	48	15%
Professional, scientific, and technical services	41	10%	40	12%
Health care and social assistance	28	7%	20	6%
Real estate and rental and leasing	41	10%	7	2%
Manufacturing	15	4%	28	8%
Retail trade	30	7%	12	4%
Arts, entertainment, and recreation	23	6%	8	2%
Finance and insurance	11	3%	13	4%
Transportation and warehousing	12	3%	12	4%
Information	12	3%	9	3%

Management of companies and enterprises	9	2%	9	3%
Wholesale trade	4	1%	14	4%
Accommodation and food services	13	3%	4	1%
Agriculture, forestry, fishing and hunting	8	2%	4	1%
Administrative and support and waste management and remediation services	3	1%	4	1%
Mining, quarrying, and oil and gas extraction	2	0%	3	1%
Utilities	3	1%	2	1%
Other services	75	18%	49	15%
Total	415		330	

Which of the following comes closest to your title?	2–49 employees		50–199 employees	
	Count	Column %	Count	Column %
Manager or equivalent	119	29%	121	37%
Business owner or president	121	29%	44	13%
Director or equivalent	78	19%	83	25%
C-Level (CEO, COO, CFO, etc.)	52	13%	58	18%
Vice president or equivalent	37	9%	20	6%
Other	8	2%	4	1%
Total	415		330	