



The Cost of the Patient Protection and Affordable Care Act (PPACA) to Large Employers

According to a new report by the American Health Policy Institute, the total cost of the Patient Protection and Affordable Care Act (PPACA) across all large U.S. employers (companies with 10,000 or more employees) over the next 10 years is estimated to be between \$151 billion to \$186 billion or \$4,800 to \$5,900 per employee. This further translates to between \$163 million to \$200 million per employer (Table). This is an additional cost over and above projected employer healthcare cost trends without the PPACA.

Cost of the PPACA to Large Employers, 2014-2023	
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 PPACA	4.3% in 2016
	5.1% in 2018
	8.4% in 2023

According to the report, the PPACA is estimated to increase the healthcare costs for large employers by 4.3% in 2016, 5.1% in 2018, and by 8.4% in 2023, with the increase primarily due to the high-cost excise tax that begins in 2018. For just the 31 large employers (those with 10,000 or more employees) that responded to their survey and provided cost estimates through 2023, the total cost of the PPACA over the next 10 years could be as much as \$10.5 billion unless changes are made to their healthcare plans. This averages out to about \$338.1 million per company that responded to the survey over 10 years.

The results of this study demonstrate that employers have a significant incentive to make fundamental changes to their health benefit offerings as a result of the PPACA. 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, boards of directors, labor leaders, or shareholders. It is not yet clear what these changes will be, but what is clear is that the PPACA has already altered the landscape of employer-provided healthcare, and will do so even more over the next decade. Simply put, employers and plan sponsors in all size categories have an urgent need to install

substantial and impactful changes to hold the line on costs and sustain the employer-based benefit platform in the U.S.

While American Health Policy Institute's report focused on large employer costs, the PPACA's impact touches virtually every employer and employee in the nation. The full report is available at:

www.americanhealthpolicy.org/content/documents/resources/2014_ACA_Cost_Study.pdf



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