

Will Healthcare Reform Affect Hiring Decisions?

Over the last four years, the Patient Protection and Affordable Care Act (PPACA), commonly known as the healthcare reform law, has created an atmosphere of uncertainty for corporate America. With a number of mandates tied to the availability of health insurance for full-time employees, many have speculated that passage of the PPACA and the anticipated spike in associated costs will ultimately influence hiring decisions.

However, with the PPACA here to stay, it appears that this might not be the case.

Impact on Hiring Decisions

In a recent survey conducted by Kforce Finance & Accounting, 60 percent of respondents said that the healthcare reform law is not affecting their decision to hire full-time, permanent employees in finance and accounting departments.

Tom Thompson, senior associate of research for the [Financial Executives Research Foundation \(FERF\)](#), the non-profit research affiliate of [Financial Executives International](#), echoes this sentiment.

“While it is possible that healthcare reform could affect hiring decisions, I don’t think that we have any evidence that this is taking place,” said Thompson. “If anything, it will only affect the hiring decisions for entry-level positions. Once you get past those positions, there is a shift towards the use of more contract- and interim-level employees. However, I’m not sure if this is tied to healthcare reform or the economic uncertainty.”

Impact on Organizations

Under the PPACA, organizations with more than 50 employees are required to provide affordable healthcare coverage to at least 95 percent of full-time employees and dependents or face a penalty of \$2,000 per full-time employee, excluding the first 30 employees. For those organizations that do not currently offer health benefits, this represents a dramatic financial requirement.

“The level of concern associated with these costs varies greatly based on company size, industry and corporate culture. However, the perception is that these costs will impact smaller companies more so than larger companies,” said Thompson.

To overcome the increase in cost, many organizations plan to pass some of the expense onto their employees.

“Management doesn’t want to get rid of their healthcare benefits. They see them as a benefit to their employees and to their company, as a way to attract new employees,” said Thompson. “Unfortunately, they can only eat so much of the cost. Employees must understand that costs are going up for their employer and if the organization is going to keep making money and creating jobs, they must incur some of the costs related to employee benefits.”

Next Steps

“In the beginning of the healthcare reform act there was a lot of uncertainty about what would stay and what would go and this continued on through the recent presidential election. However, now that this has passed, finance and accounting executives should start putting into action the steps they have been considering,” said Thompson.

Reading literature about the changes is an important part in this process, as understanding the law and how it affects operational costs can be confusing. “[Health Care Reform and its Effect on Corporate America](#),” a recent study authored by Thompson on behalf of FERG, examines how these changes will impact corporate America and how a financial executives across the nation are responding.

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Research on the part of the employees is also important. By staying informed about what is taking place and how this will affect their employer, employees will be armed with the knowledge they need to tackle these changes head on.

“I think it’s also important to be proactive and open with employees,” said Thompson. “While it is certainly difficult to tell them that their costs will increase, being open will keep morale high and increase confidence in the organization’s executives.”

For employees, understanding plan options is also a good next step. By knowing the options available to them, employees will have the opportunity to determine what their specific needs are and then comparison shop for the coverage that best meets them.

“It is safe to say that the uncertainty of the last four years had everyone’s plans on hold,” said Thompson. “However, things seem to be moving forward now and I think you’ll start to see more solid plans being made and actions being taken.”