

# Obamacare Is A Disaster For Businesses, Philadelphia Federal Reserve Report

By [Zero Hedge](#)

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Region: [USA](#)

Theme: [Global Economy](#)

Remember all those allegations that Obamacare would be an unmitigated disaster for businesses, especially smaller companies? Well, now we have proof.

As the Philly Fed, which mysteriously soared at the headline level even as the vast majority of its components tumbled, [reported moments ago](#), “in special questions this month, firms were asked qualitative questions about the effects of the Affordable Care Act (ACA) and how, if at all, they are making changes to their employment and compensation, including benefits.”

What the survey found was very disturbing: not only did businesses report that as a result of Obamacare the number of workers they employ is lower than higher (18.2% vs 3.0%), that there has been an increase in part time jobs (18.2% higher vs 1.5% lower), leading to a big increase in outsourcing and most importantly, Obamacare costs are being largely passed on to customers (28.8% reporting higher vs 0.0% lower), the punchline was that while there is basically no change in the number of employees covered (17.6% higher vs 14.7% lower and 67.6% unchanged), there has been a big jump in Premiums, Deductibles, Out-of-pocket maximums, and Copays, which has been “matched” by a far greater reduction in the range of medical coverage and the size of the network.

In short a disaster.

And what’s worse, this sentiment will persist long after the current subprime auto loan-driven manufacturing renaissance is long forgotten.

Special Questions (August 2014)			
<b>1. How, if at all, are you changing (or have you changed) any of the following because of the effects the Affordable Care Act (ACA) is having on your business?</b>			
	Lower %	Higher %	No change %
The number of workers we employ (including full time and part time) is...	18.2	3.0	78.8
The proportion of workers who are part time is...	1.5	18.2	80.3
The amount of work we outsource to other firms is...	3.0	13.7	83.3
Our wage and salary compensation per worker is...	15.1	16.7	68.2
Prices we charge to our customers are...	0.0	28.8	71.2
<b>2 a. Select one (1) of the following five (5) responses as to how your business is changing (or has changed) its health coverage policies in response to the ACA:</b>			
We do not offer health insurance and don't plan to.	0.0		
We are keeping our plan unchanged.	40.9		
We are dropping health insurance.	3.0		
We are planning to offer coverage for the first time.	0.0		
We made (or are making) modifications.	51.5		
<b>b. Companies that made (or are making) modifications:</b>	Lower	Higher	No change
The proportion of our employees covered is...	14.7	17.6	67.6
Our employee contribution to premiums is...	2.9	88.2	8.8
Deductibles are...	0	91.2	8.8
Out-of-pocket maximums are...	2.9	76.5	20.6
Copays are...	2.9	64.7	32.4
The range of medical coverage is...	41.2	2.9	55.9
The size/breadth of the network is...	26.5	0	73.5
<i>Note: The manufacturing firms responding to the survey reported an average of 247 full-time and part-time employees; 5.8 percent of the employees were part time.</i>			

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