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The Affordable Care Act Could Shift Health Care Benefit Responsibility Away From Employers, Potentially Saving S&P 500 Companies $700 Billion

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Recent and future legislative changes to U.S. health care policy will likely have an impact on corporate earnings. S&P Capital IQ Global Markets Intelligence (GMI) believes that the Affordable Care Act (ACA) will result in profound, and possibly unintended, consequences for corporate America, the average U.S. employee, and more broadly, the entire U.S. economy.

Overview

- By shifting insurance responsibility to the employee, the ACA presents an opportunity for U.S. companies to radically redefine the role they play in the health care system.
- Using its proprietary model, S&P Capital IQ Global Market Intelligence estimates that the Affordable Care Act could save S&P 500 companies nearly $700 billion through 2025.
- These potential savings represent about 4% of the S&P 500's current market capitalization.
- For U.S. companies with 50 or more employees, total savings to businesses could amount to $3.25 trillion through 2025.
- According to model estimates, employers are set to benefit the most as the government takes on a larger funding role.

The ACA Presents An Opportunity For Companies To Radically Redefine The Role They Play In The Health Care System

As we approach the U.S. mid-term Congressional elections, efforts to repeal the controversial legislation outright may shift towards an attempt to address the present shortcomings of the law as it is written today. Potential changes include making the law even more market-oriented, seeking to increase coverage options available to individuals, small businesses, and even large businesses, and altering existing government regulations. In early April, for example, the House of Representatives passed an amendment to eliminate a cap on deductibles for small group policies, thus seeking to increase insurance coverage options for businesses. Accordingly, we sought to consider the potential ramifications of the ACA as its reach expands, especially into the business community.

From a business perspective, one theme that has not been broadly articulated in the mainstream media is that the ACA presents an opportunity for companies to radically redefine the role they play in the health care system, mirroring events that happened decades ago, as companies reconsidered their employee retirement benefit policies. Potential implications for companies include:

- Increased profitability for corporations since they may be relieved from the financial, regulatory, and administrative burden of providing health care coverage as a traditional term and condition of employment.
- Utilizing health care coverage as a recruitment tool, as opposed to an expected or assumed benefit of employment.
- Grasping the opportunity to shift retiree health care benefits towards the exchanges, thereby reducing or outright shedding long-term corporate expenses. IBM's recent actions provide a good example of this and are referenced later in this report.

Individuals May Also Benefit From The Perspectives Of Coverage Stability, Coverage Affordability, Labor Mobility, And An Overall More Competitive Health Insurance Market

From the individual purchaser's perspective, the ACA could produce multiple improvements of the health care benefit system, including:

- Universal individual ownership of health care insurance coverage, as opposed to benefits that are largely provided under terms of employment, offering more widespread and stable benefits to consumers.
- Broader participation, which should produce improved economies of scale, affordability, and benefits.
- Widespread portability of benefits, allowing an individual to maintain preferred care givers and benefit coverage terms in the event of changing employers over the course of an individual's career.
- The creation of a modern, open, and truly competitive health care insurance market that provides unfettered opportunities for consumers to find the most appropriate and best priced coverage option amongst multiple providers for both individuals and groups seeking coverage.

However, the improvements may come at a cost, as individuals could largely be extricated from employer-based plans and contributions. Also, premium costs will rise for some individuals if they do not qualify for government subsidies.

Akin To The Creation Of The Individual Retirement Account (IRA), The ACA Could Shift Health Benefit Responsibility Away From The Employer, To The Employee

Over the long run, the ACA may eventually come to be historically recognized as the starting point of the reconstruction of the U.S. health care benefit industry and a catalyst for how companies provide health care insurance for their employees. In this regard, the ACA is akin to the creation of the Individual Retirement Account (IRA) as a byproduct of Congress first passing the Employee Retirement Security Act (ERISA) in 1974. The ERISA legislation was primarily designed to enable, protect, enhance, and thus modernize the accumulation of retirement benefits over the course of an individual's working career. This legislation ushered in an evolutionary process, which for close to the last half century has seen employers gradually and consistently migrate away from the defined benefit pension structure in favor of the defined contribution approach, including IRAs, Keogh plans, and 401k plans.

By extension, the implementation of the ACA is the start of a process that will transform the health care industry. If efforts to amend the law are crafted carefully, the evolution of the health care benefit market through a partnership of government oversight and an enforcement of minimum coverage standards, combined with nationwide private sector competition among the insurers, could custom tailor benefits to the needs of the individual consumer while simultaneously increasing affordability. The federal government could encourage individual participation in these nationwide exchanges by allowing tax credits for health care insurance premiums paid, or subsidies to low- or middle-income workers, which the law currently provides.

Just as the original 1974 IRA has seen multiple rounds of revisions and improvements over the decades following its initial rollout, including the recent introduction of the Roth IRA in 1997, it stands to reason that the ACA is also destined to attract more than its fair share of improvements and revisions in the years to come, and perhaps even sooner than many people currently anticipate.

Collaboration between private sector innovation and public sector promotion via payroll tax incentives has seen IRA account balances blossom from tax deferred contributions of just $1.4 billion in 1975 to over $5.3 trillion of accumulated IRA defined contribution account balances today as of year-end 2012, according to the Investment Company Institute. As a result, corporate America's financial commitment to provide for employee retirement became less of an open-ended monetary risk and obligation.

As Costs Increase, The U.S. Government Is Positioned To Provide Health Care Subsidies To A Significant Portion Of The Population

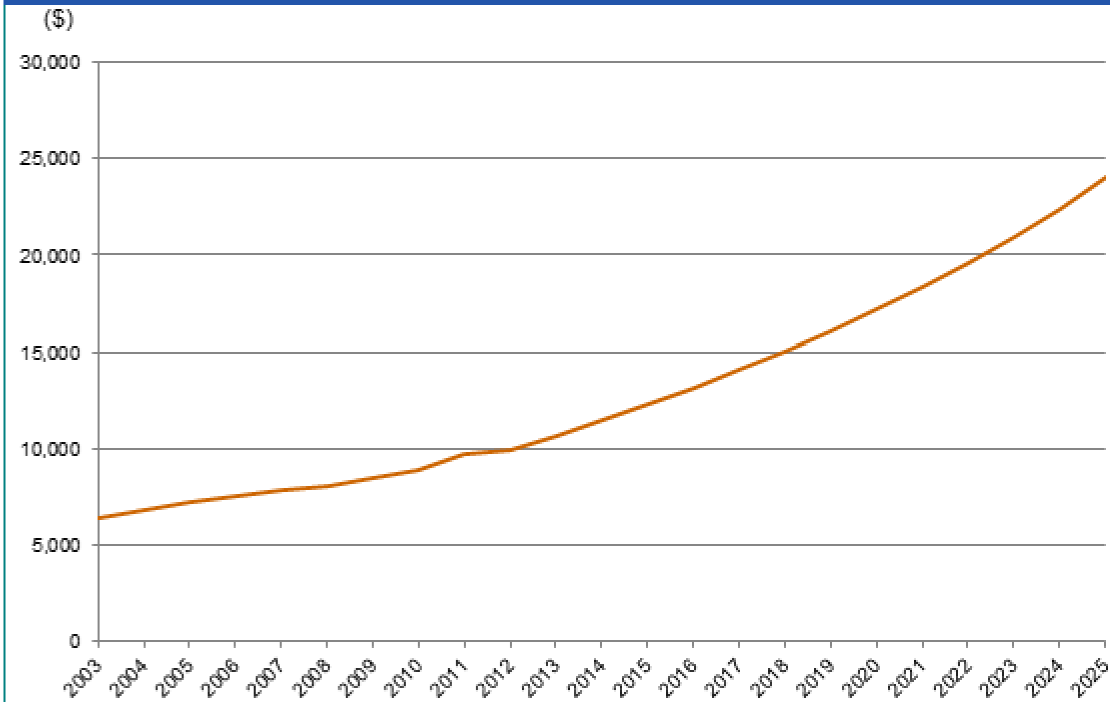
This assessment begins by investigating historical health care premium cost trends, establishing a reason why companies will look to change the traditional health care arrangement between employers and employees, and the potential ramifications for corporations as they reduce or eliminate the practice of offering health care insurance coverage to their employees.

At the moment, any drastic changes to employer-provided health care benefits would likely be frowned upon by employees and the voting public at large. Neither lawmakers nor the White House originally anticipated the idea that the ACA could provide corporations with an enormous subsidy to earnings. However, once a few notable companies start to depart from their traditional approach to health care benefits, it's likely that a substantial number of firms could quickly follow suit. The result would be a dramatic departure from the legacy employer/employee payroll deduction benefit provision relationship, and could quickly be the modern day equivalent of companies moving from defined benefit pension plans to defined contribution programs, as mentioned above.

The ever-increasing cost of health care, representing a substantial financial burden for individuals and corporate America alike, is a potential key driver of the reforms we are outlining (see charts 1 and 2). The U.S. government has acknowledged health care benefit inflation, referencing it as one of the central themes in its defense as it attempts to tackle this challenge head-on. Additionally, the government's plan includes health care subsidies for low- and middle-income Americans.

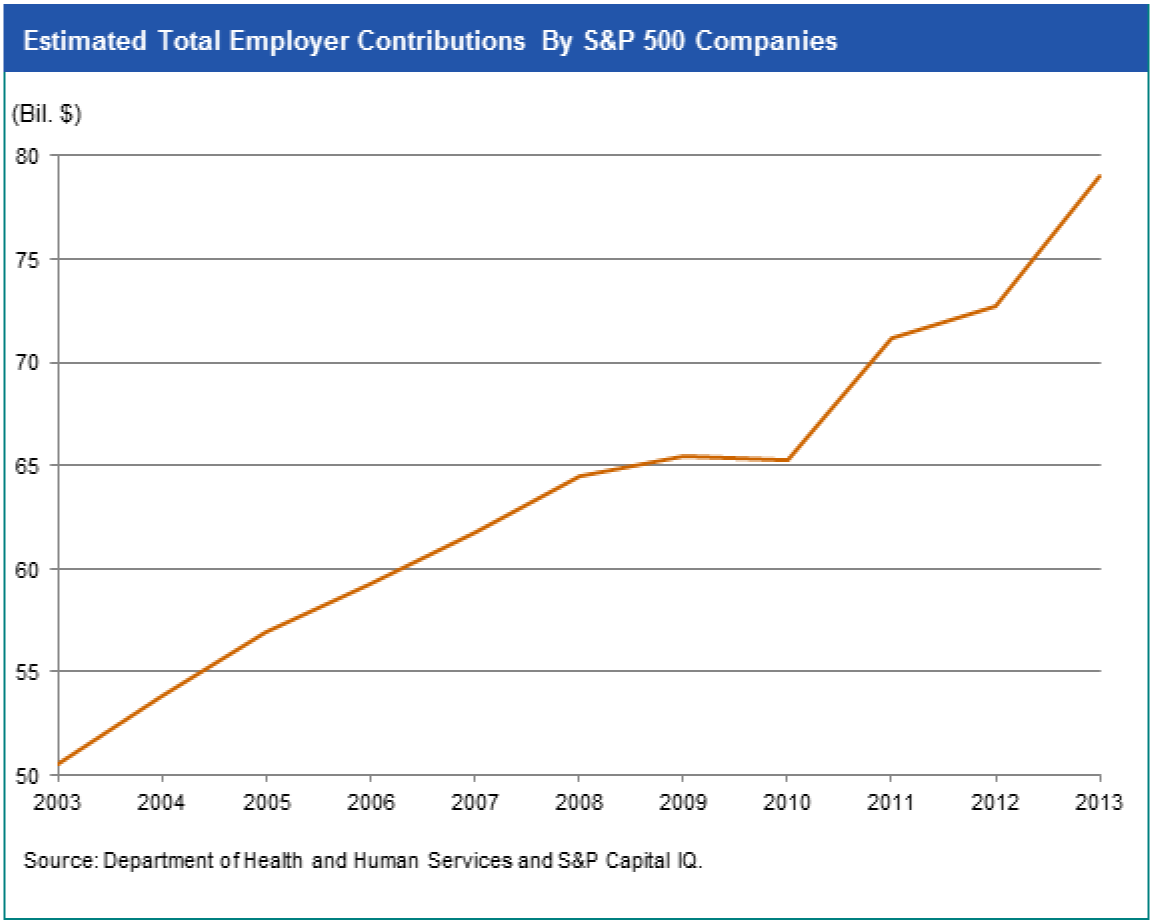
Chart 1

Total Historical And Estimated Average Health Care Premiums Of S&P 500 Company Employees



Data from 2013 to 2025 is estimated. Averaged premium is calculated by S&P Capital IQ. Source: Department of Health And Human Services and S&P Capital IQ.

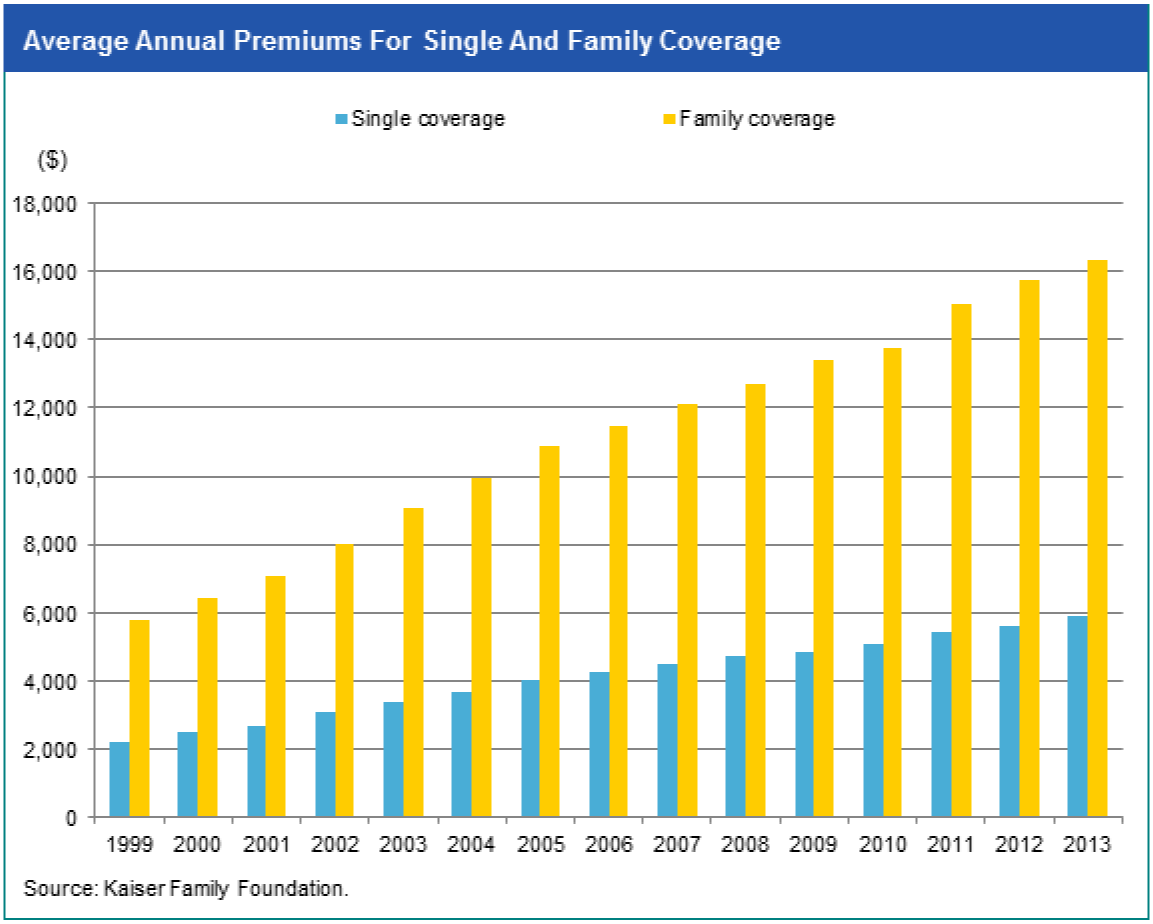
Chart 2



Whether the current version of the ACA remains intact or is amended, the burden of acquiring or providing health benefits is sure to shift more from the employer toward the individual or employee, with varying degrees of support from the government, as time passes. While the ACA effectively places a cap on the premium that people pay for health care, the caps may still end up representing an increase for certain individuals. The premium cap calculation, as it stands today, is based on a multiple of the Federal Poverty Level, which potentially opens up subsidies to a substantial number of people. For example, the U.S. government would cap premiums at a certain level for employees on a single plan if the individual makes up to $46,000, or on a family plan covering four individuals if the household makes up to $94,200, in current dollars. With the median U.S. household income at roughly $51,000 as of 2012, the U.S. government is positioned to provide health care subsidies to a significant portion of the population. We also estimate around 40% of workers earn near $40,000 or less, and would qualify for some level of subsidies, even if these workers have single plans.

The premium caps and government subsidies may create a compelling rationale for many employees to begin migrating toward the government health care exchanges, presenting the opportunity for employers to distance themselves from the health care arena over time, especially concerning lower-income and part-time workers. The effect would be to reduce the employer's health care costs, including premium contributions, as well as cumulative costs to maintain employer-provided benefits, even if companies are required to pay an annual, recurring financial penalty for failing to provide health care. The existence of this penalty, even when adjusted for health care inflation, will not be enough to incentivize companies to continue offering health care benefits to their employees, facing the reality of rising insurance costs. Coverage premiums have risen by roughly 7.5% annually since 1999, according to a study from the Kaiser Family Foundation (see chart 3).

Chart 3



Other Factors Could Contribute To Greater Savings, Such As Corporations Altering Their Benefits Relationship With Retirees

As part of the transition, corporate America will likely alter the relationships it held with retirees. For its retirement plans, a company may see an opportunity to limit its future risks and obligations and rid itself of the health-care-related costs of retired employees that have grown to levels likely not foreseen when the retirement plans were created. A recent example of a potential change is the September 2013 announcement by IBM that it planned to move about 110,000 retirees off its company-sponsored health plan and provide them instead with a payment to purchase health insurance on an exchange. The growing costs of the plan, which the company said made the plan unsustainable, sparked IBM's action. By its actions, IBM solidifies the idea that companies can transfer the risk of future cost increases to the employees while keeping the near-term effect relatively neutral for the employee.

Another change may be a reduction in the number of corporations contributing towards the health care costs of its employee's working spouses. United Parcel Service (UPS) provided an example of this, when they dropped coverage for working spouses of its nonunion workers. UPS noted, in an available FAQ about the change, that the move, which affected about 15,000 working spouses, was because "the rising cost of health care in general, combined with the costs associated with the Affordable Care Act, have made it increasingly difficult to continue providing the same level of health care benefits to our employees as an affordable cost." UPS expects the move to save the company about $60 million per year.

Other employees that may be at risk of losing employee sponsored health coverage are variable-hour employees, who have hours that can change on a weekly or seasonal basis. The ACA's directive that any employee that averages more than 30 hours per week over the course of the year is declared a full-time worker and is subject to the law's requirements, including potential penalties. The variability of the worker's hours provides companies with the ability to maneuver worker schedules to come in under the threshold. Food service, hospitality, retail, and education industry workers may be very susceptible, as companies attempt to minimize their health care costs.

Corporations ultimately will enact these changes to satisfy their most sacred compact with their investors, which is to maximize shareholder value.

Using Its Proprietary Model, Global Market Intelligence Calculates Significant Cost Savings Potential For U.S. Companies

To investigate the potential intermediate to long-term ramifications of the ACA, GMI Research constructed a proprietary model to evaluate how companies might, over time, move away from the traditional health care insurance relationship with employees. This model assesses the impact on both employees and corporate America, benchmarked by S&P 500 member companies. This study also evaluates a more general impact on the economy by including a review of companies that have more than 50 employees.

Modeled results suggest that companies have much to gain from moving employees to exchanges enabled by the passage of the ACA. As companies come to grips with the potential impact on employee morale as well as the potential use of health care coverage as a recruitment tool for skilled workers, the financial impact of limiting or eliminating its role in employee health care coverage will be a significant boost to corporate earnings, especially over the long term if health care costs continue to escalate. For S&P 500 companies alone, hundreds of billions of dollars of expenses could be transferred to employees and to the Federal government and to some extent the tax payer over a 10-year period, despite government-imposed penalties incurred by corporations (detailed later in this study).

Four scenarios modeled for S&P 500 corporations:

- Scenario One: Using the average health care inflation rate of 7.5% since 1999 (according to the Kaiser Family Foundation) through 2015 and then dropping to 6.5% per year.
- Scenario Two: Using a lower average health care inflation rate of 5% through 2015 and then dropping to 4% per year.
- Scenario Three: Using a higher average health care inflation rate of 10% through 2015 and then dropping to 7.5% per year.
- Scenario Four: Using the health care inflation rate from Scenario One but shifting to a higher amount of workers enrolled in health care to full-time from part-time, since companies may be less likely to offer insurance to part-timers.

For purposes of this discussion, modeled results weigh Scenario One at 40% and 20% each for the remaining three scenarios.

GMI Research calculated present values of the various hypothetical cost saving scenarios using a range of discount rates. The results presented in the following review of our study are based upon a 5% discount rate, which incorporates the potential legislative risk surrounding the ACA, epitomized by the alterations made to the written law over the past year. These include numerous alterations to ACA requirements and penalties that have been delayed via executive order, which makes forecasting the timing and details of its implementation stages very difficult. This analysis is based upon our understanding of the ACA's current standing.

The transition away from employer-sponsored health care towards the ACA exchanges is likely to occur in stages. Companies will moderate the roll-out in order to minimize the disruption to their business. This has been the precedent of the past, particularly with pensions. We expect the first wave of the transition to focus on entry-level college graduates, lower-wage workers, or part-time employees as these individuals are well positioned to benefit the most from government subsidies. It is expected that corporations will increasingly move more employees onto the exchanges over time. Some individuals will be subsidized by the U.S. Government, partially funded by penalties levied on corporations for each worker that is not provided health coverage by their employer. It is also anticipated that higher-income employees, who are unable to use government subsidies, will eventually be pushed towards the exchanges and will be provided a stipend to help cover costs. Over time, these stipends will not likely keep pace with health care inflation, potentially providing companies with a savings compared to the amount of contributions that would have been made under an employer-sponsored plan. These stipends will eventually be morphed into employee pay, completing the corporate departure from providing health care benefits. Companies will in all likelihood link the health care stipend payment to consumer inflation rates, which historically have been lower than healthcare inflation.

In this scenario, 2016 has a very modest 10% of employees transitioned to the exchanges. Over the following few years, more companies make the transition until only a minority (10% of employees) would keep traditional plans in 2020. The model articulates that, in addition to the 10% of employees keeping their plan, another 30% would receive stipends from their employers. Here is the phase-in schedule:

Table 1

Estimated Phase-In Schedule Of Health Care Transition

Year	Employees transitioned to the exchanges (%)
2016	10
2017	30
2018	50
2019	70
2020 and on	90

Source: S&P Capital IQ GMI Research.

Assuming A Phase-In Beginning In 2016, S&P 500 Companies Could See Savings Of Nearly $700 Billion Through 2025

The S&P 500 represents a material portion of the U.S. economy and is seen as a proxy for the entire U.S. economy. Its employment base is estimated to embody about 20% of the U.S. employee base for companies exceeding 50 employees. In reviewing the potential impact of changes to the traditional health care arrangement for the S&P 500 companies, the model is also capturing the possible financial impact on the U.S. economy and the stock market.

Assuming the transitional stages mentioned above, the potential annual savings for the S&P 500 as a whole would be about $6.6 billion in 2016 as the transformation begins, growing to $80.4 billion in 2020 and $109.7 billion in 2025 (see table 2). The model also assumes that lower- and middle-income workers are pushed towards the exchanges without a stipend from the company since these employees are eligible for government subsidies that would be partially funded by the ACA penalty. The model includes stipends for higher paid employees that are not eligible for government subsidies, which initially helps offset premium obligations. However, the stipend's growth is expected to reflect wage growth, not health care inflation.

This scenario analysis suggests that the present value of corporate savings will total $689 billion through 2025 (5% discount rate) assuming a phase-in beginning in 2016. However, the impact could exceed $800 billion if health care inflation stays at the historical 7.5% range (according to the Kaiser Family Foundation) through the 2016 to 2025 period, as displayed in Scenario 3. Since many of the early ACA enrollees were older and sicker, according to Express Scripts, it remains possible that health care premium inflation may prove to be even higher since health care exchange premiums were calculated based upon assumptions that program enrollment would include a significant number of young, healthy participants that preliminary enrollment results suggest may not have actually signed up. In an interview, Julie Huppert, Express Scripts' VP of Health Care Reform said, "The hypothesis was that sicker and older people would be the first in line to get coverage, those with chronic and complex conditions would want coverage, so we aren't surprised that the early enrollment demo skewed older," in response to information provided in their 2013 Drug Trend Report.

Nevertheless, using the base $689 billion estimate, the potential savings represent about 4% of the S&P 500's current equity market capitalization. Additionally, the S&P 500's annual cost savings, which we expect to start at $7.25 billion in 2016 as 10% of S&P 500 employees are phased-in, would amount to 0.6% of the S&P 500's 2016 consensus net-income estimate of $1.21 trillion, according to S&P Capital IQ. We expect the transition's effect to expand over time as more employees are rolled off to the exchanges. Theoretically, if the transition was complete in 2016 to our 90% phase-in assumption, and using 2016's estimated health cost savings and the S&P 500's estimated 2016 net income, we project the annual cost savings would amount to about 5.5% of the S&P 500's net income (not adjusted for tax considerations).

Table 2

Present Value Of Estimated Cost Savings From Phased-In Health Care Transition*

	--Annual estimated cost savings (bil. $)--				
	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario summary**
2016	6.58	5.74	7.34	6.67	6.58
2017	20.94	17.71	23.59	21.32	20.90
2018	36.92	30.34	42.00	37.78	36.79
2019	56.36	44.56	64.91	58.02	56.04
2020	81.07	61.29	94.70	84.04	80.44
2021	86.75	63.61	102.35	91.09	86.11
2022	92.52	65.88	110.21	97.31	91.69
2023	98.39	68.13	118.30	103.28	97.30
2024	105.01	70.83	127.39	109.21	103.49
2025	111.51	73.30	136.46	115.75	109.71
Total	696.05	501.38	827.25	724.47	689.04
	--Sum of present value of cost savings through 2025 (bil. $)--				
	Scenario 1	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario summary**
2%	877.26	628.81	1,044.24	913.33	868.18
3%	811.13	582.36	965.02	844.41	802.81
4%	750.93	540.02	892.93	781.66	743.29
5%	696.05	501.38	827.25	724.47	689.04
6%	645.97	466.07	767.32	672.28	639.52
7%	600.20	433.76	712.58	624.58	594.26
8%	558.33	404.16	662.52	580.94	552.85

*Present value assumes a 5% discount rate. Source: Department of Health and Human Services and S&P Capital IQ.

Total Savings To U.S. Businesses Could Amount To $3.25 Trillion Through 2025

In reviewing potential implications for the broader universe of U.S. companies employing at least 50 people, similar model assumptions were applied compared to those that were applied to the assessment of S&P 500 companies. Using the historical 7.5% health care inflation rate, and assuming the aforementioned phase-in towards the exchanges from traditional health care, the potential cost savings impact would be about $33 billion of annual savings in 2016, or a $29.9 billion present value that expands to $894 billion ($523 billion present value) in 2025. The scenario analysis suggests that the total savings to businesses with 50 or more employees through 2025 would total $3.25 trillion, using a present value of the expected savings that begin in 2016.

Table 3

2016 Potential Present Value Of Cost Savings Upon Transition To Exchanges, Including Possible Stipends (Bil. $)

Discount rate (%)	2016	2017	2018	2019	2020
3	31.08	101.41	183.27	286.95	423.67
4	30.49	98.51	176.32	273.42	399.81
5	29.91	95.72	169.70	260.65	377.50
6	29.35	93.04	163.38	248.58	356.63
7	28.80	90.45	157.36	237.18	337.09
8	28.27	87.96	151.61	226.40	318.80

Note: Assumes 7.5% health care premium inflation. Source: Department of Health and Human Services and S&P Capital IQ.

Table 4

2016 to 2025 Total Potential Present Value Of Cost Savings Upon Transition To Exchanges, Including Possible Stipends

Discount rate (%)	Present value sum of cost saving (bil. $)
3	3,791.45
4	3,509.53
5	3,252.58
6	3,018.08
7	2,803.82
8	2,607.79

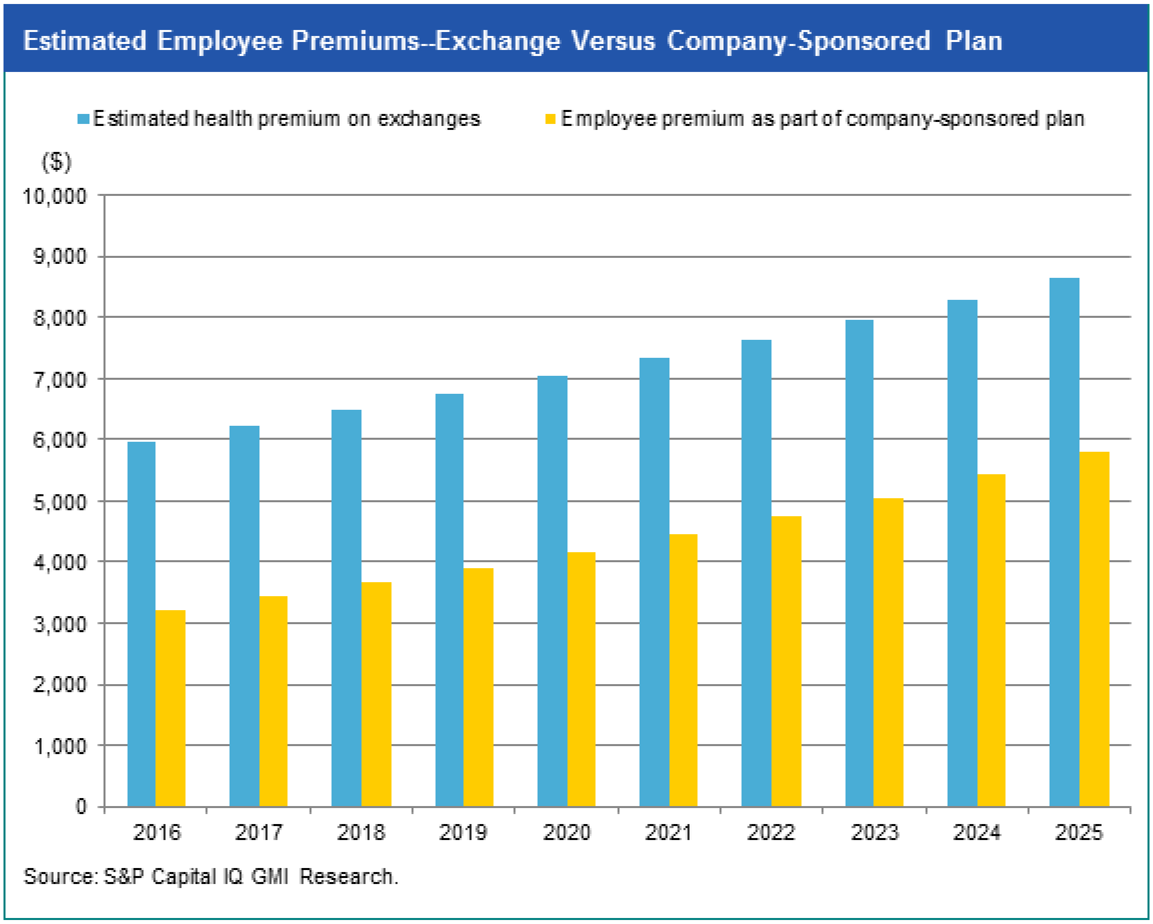
Note: Assumes 7.5% health care premium inflation. Source: Department of Health and Human Services and S&P Capital IQ.

Employers Are Likely to Benefit As The Government Adopts A Larger Funding Role

The incidental economic incentives that the ACA provides to companies make it very reasonable to assume that employers will terminate health care coverage for lower-paid and part-time employees due to rising health care costs. Companies will count on employee eligibility for government subsidies to obviate the need to continue making the contributions that they have made in the past. However, the question becomes "who ultimately pays?" If employers are poised to benefit from such a transition, the costs will need to be transferred and absorbed elsewhere. This is because, in the end, hypothetical savings aside, the transition is in reality a zero-sum game.

This analysis assumes that workers are phased-into the health care exchanges over a multi-year period, and that the phase-in period will determine how much additional spending on health care benefits will be required by the average S&P 500 employee. We project that the overall average contribution by employees moved to the exchange will increase an additional $2,744 per year in 2016, compared with if they had remained on an employer-sponsored plan. This represents almost 50% more than what an employee would have traditionally paid when they were only supplementing the employer's contribution, as the employees will now be accountable for as much as the full market-based premium. However, for low-to-middle-income workers, the increased amount may be at least partially offset by government tax subsidies, as individual contributions are capped depending on income as a multiple of the federal poverty level. Nevertheless, employees with earning above the poverty level multiple, previously mentioned in the report, will not qualify for subsidies and would have to pay the full market-based premiums, which explains some of the differences between the estimated exchange and company-sponsored premiums. As shown in Chart 4, we expect the significant difference between the two premiums to continue through 2025.

Chart 4



This analysis breaks down expected health care benefit contributions into three portions: employee costs, employer costs, and government contributions for a period between 2016 and 2025 (see table 5). In each category:

- Employee costs reflect their premiums paid to the exchanges as well as their contribution to employer-sponsored plans for the 10% of employees who we project will keep their health plan;
- Employer costs reflect the ACA penalty for each worker not provided health care, employer contributions to the reminder of their company-sponsored plan (10% of employees), and stipends to certain employees, which we estimate at 30% of the employee base in 2020.
- Government costs reflect the tax incentives and/or direct subsidies that are expected to reduce individual health care costs.

During this period, employee costs are expected to increase as a percentage of total premium costs initially to 34.0% in 2018, before scaling back to about 26.2% by 2025. For reference, employees contributed 24.5% of health care premiums in 2012, with employers contributing the rest. Government subsidies and employer stipends, which are projected to commence starting in 2019, partially offset employee costs. Meanwhile, employer costs are expected to drop significantly as the government assumes more of the burden of subsidizing health care for lower- and middle-income employees. In the future, which assumes no significant changes to the ACA or incentives/penalties that could influence employer behavior as well as have material alterations to projected health inflation, the working population may increasingly lean upon government to support their health care costs through direct subsidies and tax incentives.

Table 5

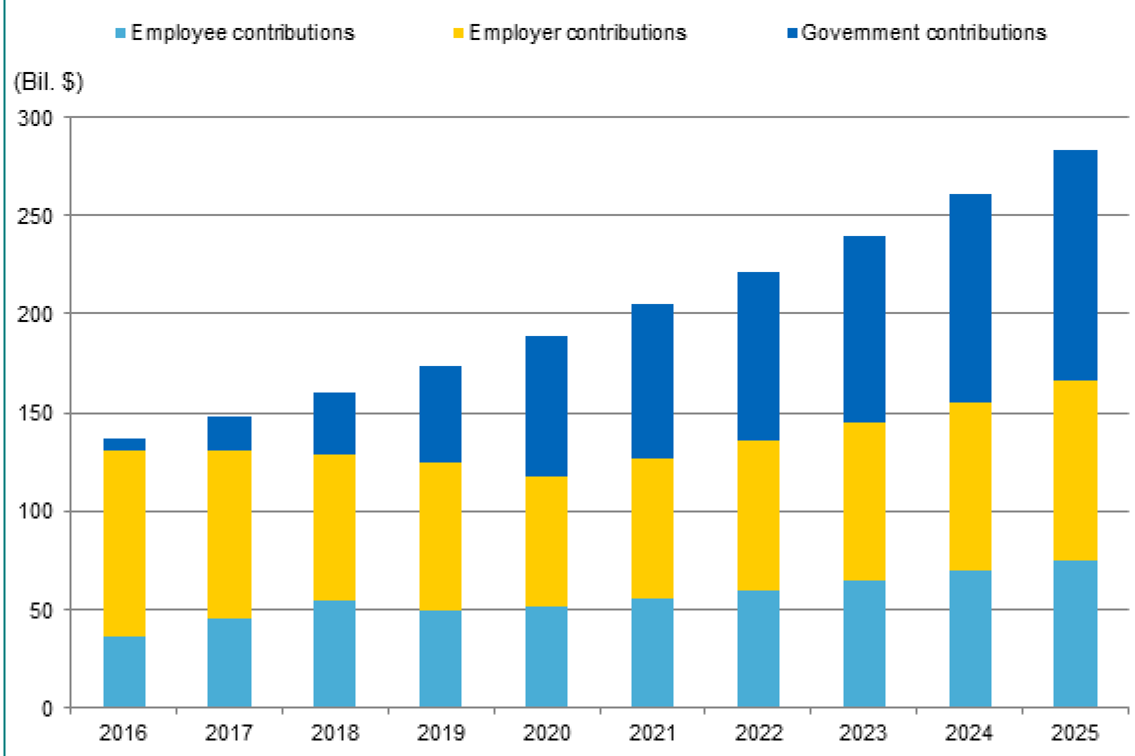
The Potential Shift In The Health Care Burden Of S&P 500 Companies

	Employee costs (mil. $)	Employee costs/total (%)	Employer costs (mil. $)	Employer costs/total (%)	Government costs (mil. $)	Government costs/total (%)	Total premium costs (mil. $)
2016	36,278	26.59	94,917	69.58	5,225	3.83	136,421
2017	45,050	30.47	85,446	57.79	17,368	11.75	147,864
2018	54,408	33.95	73,829	46.06	32,042	19.99	160,279
2019	48,952	28.17	75,185	43.27	49,613	28.55	173,749
2020	51,321	27.25	66,553	35.33	70,491	37.42	188,365
2021	55,532	27.16	71,003	34.72	77,940	38.12	204,475
2022	59,880	27.02	75,751	34.18	85,962	38.79	221,592
2023	64,437	26.85	80,859	33.70	94,665	39.45	239,961
2024	69,160	26.52	86,420	33.14	105,197	40.34	260,778
2025	74,307	26.24	92,500	32.66	116,391	41.10	283,198

Source: Department of Health and Human Services and S&P Capital IQ.

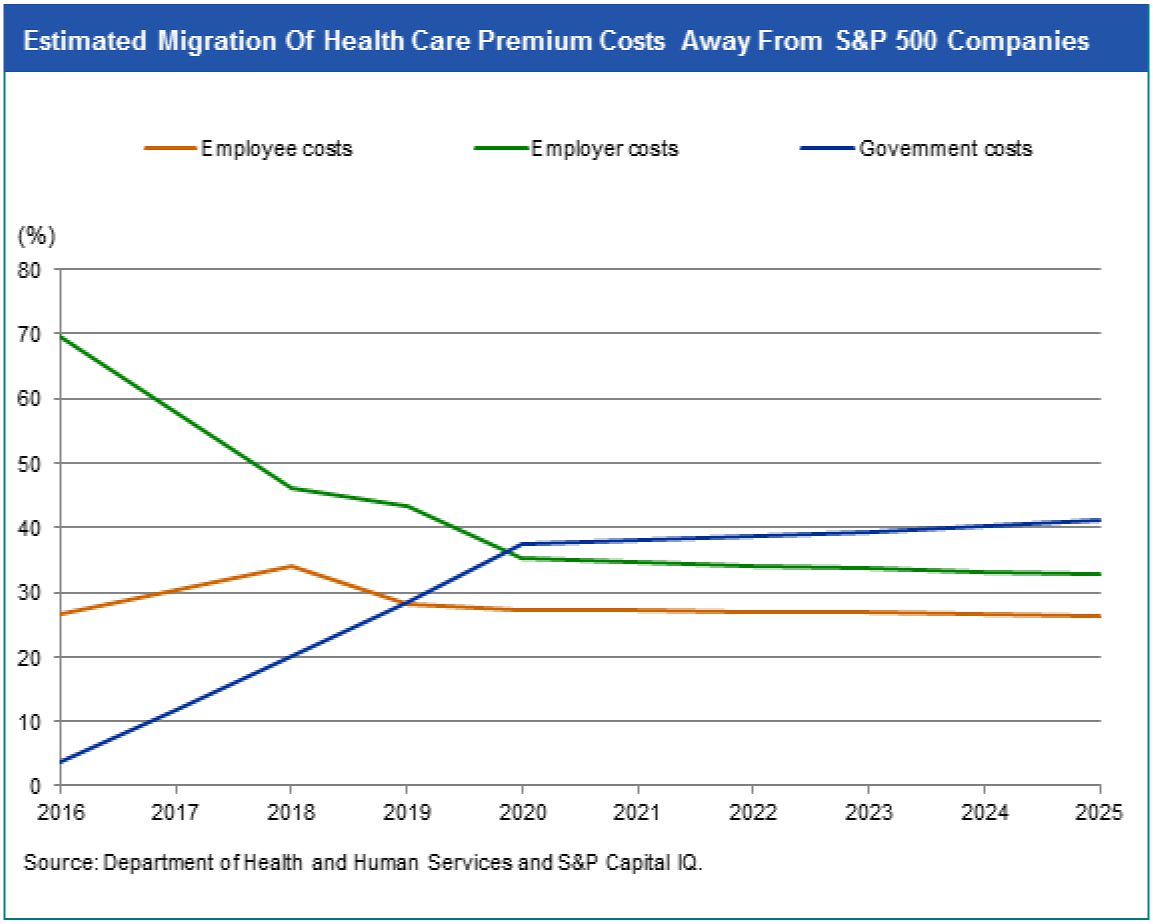
Chart 5

Estimated Total Health Care Contributions



Source: S&P Capital IQ GMI Research.

Chart 6



GMI's Modeled Approach Provides A Practical View Of How Financial Market Forces May Respond To The Introduction Of The ACA

This research seeks to provide a framework for advancing a discussion of health care reform, potentially raising as many questions as we initially endeavored to answer, thus likely representing the first in a series of related issues we intend to explore.

At the conclusion of these findings, GMI Research is aware that additional questions remain outside the scope of this initial report, primarily because the ACA itself, as well as public perception of the law, continues to morph over time. Currently, the ACA does not match the legislation that was signed into law due to the numerous executive orders. In addition to the fluidity of the ACA, other potential issues exist that may affect long-term health costs for individuals, employees, employers, and the federal government. These issues include:

- The future role of health savings accounts;
- The potential shift to push more people into Medicaid; and
- The impact on the economy, especially consumer spending, if individuals face higher deductibles and increased out-of-pocket expenses.

On a larger scale, the longer-term question is, what effect will the transition of the health care benefit industry have on the U.S. economy, as a significant portion of health care costs transition from employers to individuals and the government?

This analysis uniquely highlights the basic premise that corporations will deliberately and strategically devolve their participation in providing health care benefits for Americans, shifting the obligation toward individuals and government. Our intention, which this modeled approach intends to fulfill, is to provide investors with a distinctly practical view of how financial "market forces" may steer the evolution of the U.S. health care industry following the preliminary introduction of the Affordable Care Act.