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Health Care Reform's Effect on Business

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(SEPTEMBER 22, 2010)
BY ACCOUNTING TODAY STAFF

Like what you see? Click here to sign up for WebCPA's daily newsletter to get the latest news and behind the scenes commentary you won't find anywhere else.

In addition to asking candidates for our Top 100 Most Influential People in Accounting their opinions on IFRS and convergence, we asked:

"What effect will this year's health care reform legislation have on business and the U.S. economy?"

All the candidates' responses -- insightful, and often passionate -- are included below.

The immediate impact is already being felt. Uncertainty in terms of how reform will impact businesses has already resulted in delayed business decisions, including hiring for small businesses, which will also likely be a factor delaying recovery. Though there are many points of distinction with the federal legislation, Massachusetts' health care reform and its impact on business offers a view into the future, and possibly some lessons, for federal health care reform. Most notably, reform has had no positive impact on the high cost of health care delivery in the Commonwealth -- costs here have risen faster than the rest of the nation since 2006.

As a result, small businesses are dropping coverage, leaving more people to apply for the state's public health plan. The net result is that the cost of reform is exponentially higher than originally estimated and, as a result, is contributing significantly to the budget deficit in my state. To address this, the state continues to look at new sources of revenue -- primarily through increased taxation, which will further slow recovery.

-- Mark Albrecht, CEO, XCM Solutions

Employers: All employers will have to decide whether it is better to continue to provide health insurance for employees or to pay a fine and have employees purchase their own insurance through the new health insurance exchanges. Since the fines are relatively low, there may be more employers dropping health coverage for their employees than adding coverage, which is a bit counter to the intent of the health care reform law. There will be much analysis on this between now and 2014, when the individual coverage mandate takes effect.

Insurers: Insurers have a tremendous amount of work to do, since they have not traditionally sold policies to individuals and the health insurance exchanges are a new concept. They will also have to make a lot of changes to their administrative processes, pay additional taxes and respond to greater scrutiny over their operations.

Health care providers: The impacts to providers will vary, but as whole, are expected to be negative. Providers will be forced to show that they are delivering high-quality care or they will see their reimbursement cut.

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State governments: Much of the burden for implementing the new law rests with the states. The states must set up health insurance exchanges, administer new programs, qualify more constituents for Medicaid and many other initiatives at a time when budgets are being cut and tax revenues are falling short. Hence, many states are challenging the constitutionality of the new law as it interferes with states' rights.

Taxpayers: The new health reform law does not have any proven and mandated approaches to controlling spiraling health care costs. Health care costs are expected to continue increasing and will be a growing strain on the American people and the businesses that operate here. Without controlling the growth in health care costs, it will be nearly impossible for the federal government to cut the deficit and reduce the national debt burden, so there remains a looming fiscal crisis that is not being addressed by the new health care reform legislation.

-- Charles Allen, CEO, Crowe Horwath LLP

In the short term, the reform will probably have little impact as many of the core provisions such as increased taxes on higher income taxpayers do not take effect until 2014.

-- Jordan Amin, Chair, National CPA Financial Literacy Commission, AICPA

I simply do not know, and I am not sure many people really know. I do believe it will lead to more consolidation in health care and will most likely have significant implications as to what segment of the economy bears more or less cost.

-- Rick Anderson, Chairman and CEO, Moss Adams

The Patient Protection Act and the House Reconciliation Act fundamentally alter the health care system for individuals and employers in the following ways:

-- The bills push the U.S. closer to universal coverage by requiring all individuals not covered by Medicaid or Medicare to obtain health care coverage or to pay penalties.

-- Employers electing not to offer qualifying coverage will be subject to penalties. Certain small businesses are exempt.

-- Although many of the provisions don't apply until 2014, certain small businesses will get credits in 2010 for buying insurance today.

-- To help individuals and small business pay for these new requirements, the bill offers tax credits to cover premiums. The costs of increased coverage will be paid for by a series of new taxes and fees on individuals and businesses.

-- Higher-income individuals will be subject to increased payroll taxes and new taxes on investment and passive income, including interest, dividends, capital gains and royalties. Generally, the new taxes apply to individuals with income of more than \$250,000 annually.

-- Individuals with expensive health care plans -- or "Cadillac" plans -- will be required to pay a significant excise tax.

-- Additional changes to the current bills are likely to be passed in the coming months.

Although many parts of the legislation will not take effect for years, some companies have already anticipated the massive, immediate charges they will incur due to the increase in costs. In addition, there is speculation that business will stop providing health care for its employees, not only to relieve themselves of the added expenditures, but also because the government will provide it to their employees.

However, the final ramifications remain unknown, as policy changes are being considered before the full legislation goes into effect. Until then, companies and individuals alike continue to watch with bated breath.

-- C.E. Andrews, President, RSM McGladrey

While it is too early to really have a good idea on the impact of the health care reform legislation on businesses and the U.S. economy, there are some positive talking points about the legislation.

-- It would make insurance more affordable for small business and their employees.

-- There could be a tax credit for small businesses.

-- Better health care could mean a more healthier population, thus making U.S. workers for productive

-- August Aquila, President and CEO, Aquila Global Advisors

We have many clients in our health care practice and they are all quite concerned and interested in the economic effects of health care reform. Generally, businesses are going to have to supply more financial support under the legislation, and small to medium-sized entities will be particularly impacted. While insurance pools and other cost-cutting devices will level the playing field somewhat, the bottom line will be affected for all businesses. The businesses of the United States have a great tradition of providing for the health of workers, but the costs have risen to the point where the burdens need to be shared across the public and private sectors and through new, creative insurance mechanisms. I believe the reform legislation attempts to provide for this, but it will be up to business to get creative and find new ways to spread the impact of health care costs.

-- Andy Armanino, CEO and managing partner, Armanino McKenna

The health care reform legislation will have a very significant impact on firms and their business clients, and the overall U.S. economy. Clients will look to their CPA firms to help manage these changes, and it will be critically important for firms to leverage technology to successfully manage this dynamic environment for their clients.

-- Erik Asgeirsson, CEO, CPA2Biz

Until the implementing regulations are finalized and businesses adjust to the new requirements, it is premature for me to speculate on the effects.

-- Robert Attmore, Chairman, GASB

Very negative, as it injects uncertainty and risk into the private sector, the same environment FDR created in the 1930s that prolonged the Great Depression. I agree with P.J. O'Rourke of the Cato Institute: "If you think health



Congress to Start Debating Bush Tax Cuts

Sen. Carl Levin, D-Mich., has reportedly predicted that Congress will soon begin debating both Democratic and Republican proposals on extending the Bush tax cuts, perhaps as early as this Thursday.



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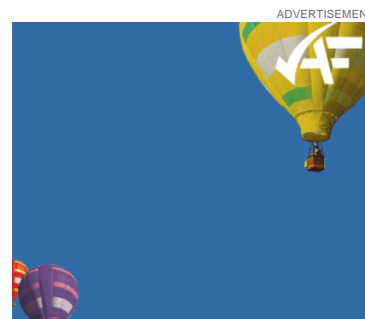
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care is expensive now, wait until it's free."

-- Ron Baker, Founder, VeraSage Institute

With U.S. health care spending at about 17 percent of GDP, clearly the changes will have a dramatic impact on the U.S. economy. And without getting into my personal opinion of the legislation and government's position in the health care business expanding beyond what exists today, the impact may be felt more on midsized and small businesses than planned. And the legislation can get very complex with respect to record-keeping. Financially, businesses of more than 50 employees without health coverage may be exposed to \$2,000 per year per full-time employee between 30 and 50 employees if any employee is subsidized. And businesses with more than 200 people that offer health insurance will have to automatically enroll their workers in the plan. Compliance will be an area where businesses of all size will have to focus attention. At least the effective date is out far enough for businesses to plan for the impact.

In the end, if the legislation lowers the cost of health care overall to most businesses, and as a result can lower the percent of health care to our GDP, the U.S. will be more competitive in the global market. And that is a very good thing.

-- Jon Baron, President - Americas, Workflow & Service Solutions, Thomson Reuters Tax & Accounting

Despite its nearly \$1 trillion price tag, the Congressional Budget Office predicts the health care reform legislation is expected to lead to a \$143 billion net reduction in federal deficits over the next nine years. The CBO determined the reductions will come from \$124 billion in net reductions from the health care and revenue provisions and \$19 billion in net reductions deriving from education provisions. The CBO didn't include potential costs that would be funded through future appropriations, but with more than \$400 billion in revenue enhancements and new taxes to cover the cost of this reform, not to mention tax credits to help offset those costs for individuals and small businesses, CPAs are going to be busy over the next few years educating and aiding their clients on the law's provisions. CPAs in industry are also going to have to work with their human resources departments to ensure their employers are in compliance with the law.

With the Tax Code being a major tool of this legislation's funding -- higher taxes for high-income individuals and tax credits for small businesses, the IRS needs the resources to effectively handle these new obligations.

Other long-term effects? Mandatory health care could lead to a healthier -- and happier -- workforce, saving employers costs associated with doctor bills, as well as more productive employees.

-- Joanne Barry, Executive director, NYSSCPA

The adoption will have very deep negative consequences due to the drag on earnings and capital. Many experts believe that GDP will be reduced from 3.2 percent to 2.0 percent for the long future. A 33 percent reduction in economic growth is enormously negative to job creation, prosperity and ultimate happiness.

-- Tony Batman, Chair, CEO and president, 1st Global

I believe in, and agree with, health care reform. However, I believe the costs to American business have been underestimated and that these costs could potentially put an unimaginable burden on an already overtaxed and overburdened economy. I think the timing of this initiative is poor and we should have waited until we were sure the economy was on the mend, and we could see the light at the end of the tunnel with the war in Iraq.

-- Parnell Black, CEO, NACVA

I don't think it can be projected with precision, given the piece-meal nature of the bill's components. Probably, health costs will increase faster, at least due to higher demand through more insureds. Insurance costs will increase, then, which will also increase the need for subsidies. I'm not confident the expected savings will be realized, so unless they are somehow, private and public debt will increase. I know this may be simplistic, but I'm not sure that complexity yields a better answer.

-- David M. Blaszowsky, Director, Office of Interactive Disclosure, SEC

We learn more of the hidden provisions of this legislation on a daily basis. Fewer taxpayers are being asked to contribute more to entitlement programs. The short-term impact may be small to most firms, because they currently provide coverage that exceeds the legislated minimums. The long-term impact to business and taxpayers will be significant. Entitlement programs are not healthy for entrepreneurship and business.

Most small businesses, including CPA firms, are turning to technology to increase production, rather than increase employment.

-- L. Gary Boomer, CEO, Boomer Consulting Inc.

I don't believe we'll see any immediate impact on business or the U.S. economy resulting from the current year's health care reform legislation. Many, many of our clients are still feeling the effects of the recession and many are wondering when they will finally recover. I believe the effects of the health care reform will hit small business hard as many of the components begin to kick in during future years. I can only hope that our legislators will address the negative impact that this reform will have upon businesses. If many of these future reform components are not addressed, they could stall the economic recovery for small business here in the U.S.

-- James C. Bourke, Partner, WithumSmith+Brown

I spent a large part of my career dealing with tax policy matters relating to insurance and managed care. I have seen the health care system and all the players impacted by it struggle for far too long. The current health care reform will fundamentally change the way that U.S. companies operate. The successful integration and communication of changes by companies will demonstrate to employees which companies have successfully navigated the health care reform waters, and which have not.

Smart companies will innovate as they always do to provide coverage that their employees need and/or expect, while working to offset the anticipated increased expense and additional regulatory and administrative reporting requirements.

-- Beth Brooke, Global vice chair, Ernst & Young

The long-term effects should be positive for the economy and government spending. With the poor, underemployed and workers without medical coverage using the emergency room as their primary health care provider, the cost to communities and the health care system is ruinous. Canada has had universal health care for a couple of decades and, at least right now, their economy and their government finances are substantially better

than in the US.

-- Robert Bunting, President, IFAC

Health care reform will have a devastating effect on the U.S. economy. The U.S. economy is exceedingly fragile right now. When you couple the added tax burden on businesses and taxpayers with the cost of compliance with a bill Congress did not even read, our economy will suffer.

Health care reform legislation created a substantial number of new government agencies in an era where we need more transparency and less bureaucracy.

Until our unemployment numbers decline, our economy will not thrive. We have too many Americans without jobs, and my fear is this legislation will put more people out of work as businesses are faced with complying with the health care bill.

The U.S. economy is based on free enterprise. This legislation defines socialism. Social Security is actuarially bankrupt. Health care reform marks the end of the American free enterprise system.

-- Peyton Burch, Director of partner programs, Deltek

Companies are trying to get their hands around the scope and nature of the additional cost burden. As we in our profession know, part of that cost will correlate with the accounting and financial statement implications. I believe, however, that the more overarching issue or challenge is the impact on the whole environment of uncertainty in which businesses are operating in the United States. I think there are a number of reasons why the recovery has been slow, bumpy, fragile -- and frankly, jobless -- which is of great concern. Until we believe that we're seeing true job growth, we're not recovering. One of the reasons we're not seeing job growth is that businesses are worried about macro issues such as the national and global economies that are highlighted in the headlines. However, they're also concerned about uncertainty in the tax system and the tax rules, as well as other regulatory changes.

Obviously, the complex and far-reaching new financial services regulation has come out. Health care is a major contributor to the level of uncertainty, and hence to caution over other business decisions, including hiring.

Overall, I don't think companies (or political leaders, economists or average citizens) are really sure what it means -- how much extra work, time, cost and fallout lie ahead. It may well be that when this all shakes out, we will all be able to get our arms around it and recognize that it does have, in and of itself, a particularly significant effect (positive, negative or both) on business, the capital markets and the national and global economies.

Health care is but one influence on the near future of business prosperity. In addition, as I write, there is yet the chance that state lawsuits challenging the legislation could result in a U.S. Supreme Court strike-down.

-- Stephen M. Chipman, CEO, Grant Thornton

Truth is, the immediate impact might not be that significant, since a number of the bill's provisions for businesses don't take effect for several years. Still, given the sluggish economic recovery, imposing additional costs and regulations on our nation's businesses could very well retard the economic recovery for which we are all hoping.

While I recognize the potential benefits from a social perspective, I'm uncertain whether or not this legislation and associated costs will represent the best solution to our healthcare challenges.

As a side note -- the 10 percent tax on indoor tanning has forced me to sit out by the pool a lot more to maintain my bronzed complexion. :)

-- David M. Cieslak, Principal, Arxis Technology Inc.

The proposed reforms could help spur entrepreneurial activity by increasing the incentives for talented Americans to launch their own companies, and could increase the pool of workers willing to work at small firms, especially when taking into consideration that these small companies comprise 87 percent of the total U.S. private employer base and employ nearly 20 million people.

-- Scott Cook, Founder, Intuit

My sense is that the legislation will have short-term negative impacts on business and minimal impact on the economy. Businesses learn to adapt quickly, particularly in the longer term. I'm not overly concerned about the business impact. As relates to the economy, health care already is a major impact whether in the form of patients getting a free ride in hospitals and emergency rooms or their being insured at taxpayers' expense. The economy is affected under either scenario. Our country has a social burden, some, and maybe most, of which Americans accept as being compassionate and responsible. And the cost of our social responsibility is significant. The new health care legislation in my opinion did not add significantly to our social cost. It's already high and will remain so.

-- David Costello, President and CEO, NASBA

I'm not close enough to have a vision of the specifics. But legislation always impacts markets. And the enormity of the legislation will cause significant market impact. Our profession will see an increase in demand for our services as businesses seek help to sort through the business choices and financial impacts.

-- Gale Crosley, President, Crosley+Co.

Quite a bit, and I think it will hit the small-business sector harder than any other part of the business marketplace. Small business owners are concerned with many issues, of course, but rising health care costs seem to be at the top of the list. More and more owners want employees to share the costs or pay for 100 percent. I see more and more businesses asking questions about health care reform, only to be faced with confusing answers. If the small-business owner had a greater understanding of this legislation, they could more accurately help employees understand their own role in how the legislation affects them personally.

-- Scott H. Cytron, President, Cytron & Co.

I believe it will have a harmful effect. In many cases, it is putting businesses in positions of substantial increased costs in health care versus dropping health care coverage altogether. I have one client facing the possibility of over a million dollar increase in health care for its employees, with the only alternative being to drop the plan altogether. Currently, reducing health care benefits by changing benefits is now illegal. This all-or-nothing approach appears to be absurd.

-- E. Martin Davidoff, Founder and firm manager, E. Martin Davidoff & Associates CPAs

It appears there will be significant burden on the small-business owner. One example is the new 1099 reporting requirements. The IRS is already exempting charge card payments, but recordkeeping and reporting may well become a nightmare for the small businessman/woman.

-- Frank Degen, Government relations chair, NAEA

It is no secret that health care costs are spiraling out of control in this country. On average, we now spend more per person on health care than both food and housing. Insurance premiums are multiplying much faster than inflation, which prevents economic growth and leaves businesses with less money to give raises or hire more workers. While the quality and availability of medical care in the United States remains among the best in the world, it is clear that health care reform was essential to help foster economic growth while providing health care to over 45 million Americans who are currently uninsured. The Obama administration's health care bill will reduce the number of uninsured Americans, but is likely to increase health care costs for businesses, especially small and family-owned businesses. Additional legislation and regulations will be forthcoming that will provide clearer insight into the impact that health care reform will have on business and the U.S. economy in coming years.

-- Bob Dias, Vice president of marketing, CCH

Assuming cost projections, the long-term effects will likely be negative as the growth of the program cause unsustainable levels of expenditures. These could become an ever-increasing portion of our national debt and outpace our ability to pay for it without continued tax increases. A drag on the economy could result

-- Michael Di Girolamo, Managing director, Investment Advisors Division, Raymond James Financial Services

Mostly negative. The legislation will increase costs even more than it would without the legislation. It will either push up business costs or encourage employers to cancel insurance and force employees to use the public option, thus increasing the deficit. This is likely to create a colossal drag on the economy over the long term.

-- Anton Donde, CEO, SpeedTax

In the long term, a health care program for all citizens is a good thing. The effects of the complex health care reform legislation recently adopted will not be determined for several years. As a matter of fact, many significant provisions will not be enacted until 2014. The immediate impact is for business to assess and project the possible scenarios and additional costs based on their individual situations and employee relationships. It will be another balancing act for business and the economy.

-- Loretta Doon, CEO, CalCPA,

I believe that the legislation will have a profound and negative impact on business, the U.S. economy and the quality of medical care in the United States.

While it is a noble goal to achieve universal coverage, the right way to do this was to fix the structural economic issues in the current health care system first -- which would free up huge amounts of money and resources to broaden coverage.

The legislation was instead clearly focused on expanding coverage, redistributing wealth and pandering to special interests, rather than on controlling costs or the improving the quality of medical outcomes.

We missed a huge opportunity to restructure the perverse financial incentives in our medical system -- patients having no visibility into the actual costs of their medical care, the current system of minimal or no co-payments further encouraging over-consumption, physicians being paid for the number of procedures they perform rather than on quality outcomes, and nuisance lawsuits both diverting funds to trial lawyers and encouraging defensive medicine. This should have been priority No. 1.

The legislation will additionally have massive unintended negative consequences -- witness today's fury over the dramatic expansion of 1099 requirements that was snuck into the legislation by the IRS and that has nothing to do with health care.

-- Daniel Druker, Senior vice president, Intacct Corp.

It is hard to predict the impact of health care reform on the U.S. economy. In the short term, there will be uncertainty, and the markets hate uncertainty. Over the longer term, some business sectors will see positive benefits, while others will see increased costs.

One possible impact of the new health care legislation could be on mid-term congressional elections. Regardless of your opinion on the new legislation, it was contentious and will likely be one of the key issues shaping the next election cycle.

-- Cynthia Fornelli, Executive director, Center for Audit Quality

The U.S. spends a fortune on health care, and yet the outcomes are no better (in fact, often worse) than countries that spend a fraction of our amounts. This year's health care reform is forcing us towards universal health care -- considered a human right, like education, in every other advanced economy -- which in turn will focus us on efficiency and costs. Overall, the impact on business and the economy will be neutral, as the increased need for medical personnel offsets job losses elsewhere.

The political gridlock in Washington is a much bigger issue, as the perpetual rancor and uncertainty discourages investment.

-- Christian Frederiksen, Chairman, The 2020 Group

It is difficult at this point to gauge what its effect on the economy will be overall. Much of this legislation will be implemented through the Internal Revenue Service, and TIGTA plans to evaluate the IRS's administration and compliance with these provisions of the law, which will be phased in over time. Some, such as the small employer health insurance credit, are taking effect this year. We are already beginning to evaluate the implementation of certain provisions, and there is much work for us ahead.

-- J. Russell George, Treasury Inspector General for Tax Administration

I think we're going to have some uncertainty about that, especially for small businesses -- the SHOP [Small Business Health Options Programs] exchanges are in place starting 2014.

-- Ron Gill, CFO, NetSuite Inc.

Personally, I think a personal health insurance model more akin to the way we buy our car insurance is better for our nation, but no one asked me. I haven't studied the 2,000-plus-page bill, but speaking as a small-business owner whose company's health insurance premiums have increased 25-30 percent each of the past four years, it seems the impact could be awful in the short term if insurance companies jack premiums up even more "while they can." While the tax credit may help small businesses who can cover the float, midsized businesses would suffer significantly. Given the number of companies already on the brink of disaster, this forces companies to reduce benefits, limit hiring, and further cut their workforce. This doesn't exactly improve unemployment. Companies are already replacing full-time workers with part-timers, meaning fewer are eligible for employers' insurance plans -- counter to the intent of the legislation.

-- Michelle Golden, Founder, Golden Practice blog

There is little doubt in my mind that the mandates included in this far-reaching legislation will have a negative impact on our economic growth, particularly that of small and start-up businesses. While U.S. businesses have demonstrated a great resiliency in the face of ever-increasing government rules and mandates, there is a limit to that flexibility. And the cost of providing required medical care will force business leaders to make consumption choices which will impact job growth at a time when we desperately need to put more people to work.

There will be another costly and confusing impact in our particular industry because Congress has directed the Internal Revenue Service to administer several key components of the new health care plans, including Premium Assistance Credits, Small Business Tax Credits, the Individual Mandate and Employer Assessments. The IRS Taxpayer Advocate has warned that health care reform will likely be "the most extensive social benefit program the IRS has been asked to implement in recent history." Without significant additional resources or shifting of resources away from traditional compliance enforcement, there is a danger that these new and incredibly extensive responsibilities will dramatically impact the ability of the IRS to fulfill its responsibilities. And the added burden on the tax and accounting industry, which will have to react quickly and effectively to a large number of new IRS regulations and requirements, will be substantial.

-- Jeff Gramlich, President, CCH Small Firm Services

I have spoken on the act, including being on the upcoming panel for the IRS Live and have attended many discussions on the act. I believe that as massive as this bill is and the number of years for implementation, I don't know that anyone really understands or knows the true effect. I think more important is that there will need to be legislative and administrative modifications as the program rolls out.

-- Larry Gray, Government liaison, NATP

The legislation has certainly added complexity to administrators. I've consistently heard that as a concern. And while many seem to agree that something needed to be done, only time will tell if this approach was the right one. I see businesses, especially those that were already struggling with rising health care costs, considering more options than ever before, from the type of plans they offer employees, to cost-sharing arrangements.

-- Calvin Harris, National president and CEO, NABA

It would be hard to find an issue that has generated as much debate and discussion as this year's health care bill. Depending on your perspective, the health care reform bill is either the best or worst piece of legislation we have seen in our lifetime. There are vast differences in opinion and that will likely create huge differences in how people will answer your question. To some, without this bill, health care costs will continue to rise and coverage will be impossible to obtain and afford, making our economy and businesses suffer. To others, because of this bill, we are guaranteed to see health care costs continue to rise. They feel that while coverage will expand, the damage to the economy and business from the bill will be severe. It is probably too early to see which side is correct, or if neither side is correct. What we do know at this time is that the small business market is very concerned that they will be forced to offer coverage, that costs will continue to rise, and that their reporting burdens will significantly increase. While it may take years to see if the first two concerns are real, we already know that there will be an increase in the reporting burden.

-- Roger Harris, President and COO, Padgett Business Services

Name one major U.S. government program that has actually saved money and worked well. That is the major concern I have. In our town hall meetings with Maryland CPAs, 64 percent thought health care reform will hurt and increase costs with less benefits, while only 12 percent thought it will help.

-- Tom Hood, CEO and executive director, MACPA

There are short-term and long-term effects. There is a real need for better medical care for people in lower income brackets. By addressing this need, the health care reform will tend to improve social stability in the short as well as the long run.

The costs of employee benefits will rise, rendering the U.S. workforce less competitive than before. This will exacerbate the balance of payments to a degree. The deficit will increase as well, because taxes will not fully fund the benefits.

The negative balance of payments and the burgeoning federal deficit will cause the U.S. government to issue more and more debt. In the long run, this will probably lead to serious inflation. In the short run, however, inflation will continue to be low as the U.S. continues to export its industrial base and purchase less expensive goods from China and India.

At present, the U.S. dollar is the least worst choice for those seeking a stable currency. The turning point for inflation will occur when the U.S. debt burden and unfavorable balance of payments have become so troublesome that the dollar will weaken against the currencies of major trading partners, causing the cost of imports to rise and inflation to increase.

The health care legislation alone will not cause this. It merely will reinforce trends already in place.

-- Andrew L. Hult, President, NCCPAP

I expect there to be a converse relationship between the cost and the quality of our health care. Cost will increase; quality will decrease.

-- Trey James, CEO and co-founder, Xcentric

It is much too early to understand or predict the impact of health care reform on the U.S. economy over the long haul. The legislation's implementation stretches out over an eight-year period, and undoubtedly some provisions may be modified or eliminated before their effective date. With that said, I believe health care reform will ultimately

add to costs of doing business and will create more stress on the U.S. economy.

-- Gregory Johnson, Executive director and COO, NABA

Many people in the U.S. need health care coverage. The proposed programs will drive administrative costs up and profitability for many medical organizations down. It will take years for the details to be worked out and improved. Medicare and Social Security have some of the same bad and good attributes of the new health care program, and the U.S. certainly benefits from these programs. The larger problem is not just health care spending, but spending in general, in conjunction with feelings of entitlement.

-- Randy Johnston, Executive vice president and partner, K2 Enterprises

There are significant tax regulatory needs that emanate from the legislation. Businesses and tax practitioners will require an immense amount of guidance to properly comply with the rules. Indeed, as we learn more about the details of the legislation, additional legislative adjustments may be necessary. For example, there are significant compliance burdens placed on businesses by the new Form 1099-MISC information return rules that become effective over the next few years. Those burdens may far outweigh any potential benefits of enhanced information reporting.

-- Edward S. Karl, Vice president of taxation, AICPA

My observation is that everyone seems to be in a "wait and see" mode. With the changes still in the future, little seems to be happening. Some practitioners (and others) might move to using more part-time people.

-- Rita A. Keller, President, Keller Advisors

It appears that the recently enacted health care legislation will initially have a negative impact on the bottom line of most U.S. businesses. The intent of the legislation is to reduce overall health care costs over a phase-in period of several years, while providing health coverage to all Americans. The yet-to-be-issued regulations to clarify and implement the health care legislation will be critical to understanding whether the intent of the legislation will be realized.

-- Kenneth Koskay, Senior vice president and general manager of certification, Tax & Accounting business of Thomson Reuters

It still may be too early to predict the impact of the health care legislation on business and the U.S. economy. The government still needs to work out the intricate details of the legislation and provide guidance to the insurance companies and businesses.

More directly for the CPA community, firms and CPAs in business and industry have an incredible opportunity to add significant value to their clients and the businesses they work for. The health care legislation will take a new level of business and strategic planning for all size companies. The CPA will be at the center of the strategic table to help businesses analyze the impact of the health care reform, perform "what-if" analysis on making changes to company health care benefits, and perform financial planning activities for the business to understand the impact on their business.

-- Mark J. Koziel, Director, specialized communities, firm practice management, AICPA

While the idea of providing health care for everyone is socially responsible, the argument is in determining the real cost of the new law, how it will be paid for, and how it will be administered by the federal government. Many of our clients are concerned about the Large Employer Shared Responsibility Penalty, which imposes nondeductible penalties on employers who fail to offer qualifying coverage, or whose employees decline coverage and purchase health care via the exchange instead. In addition, clients are waiting for federal regulations to be completed so they can better understand how the program will work and make the right choices for their organization.

While the economic impact and administrative details of health care reform remain to be seen, we're counseling our clients to gain a better understanding of the law, be aware of the impact it will have on their organization, and make certain they're addressing the short-term requirements. We have provided clients with tools and a timeline to help them manage this process and know what to expect over the next several years as provisions of the new law become effective.

-- Gordon Krater, Managing partner, Plante & Moran

Universal health insurance will have opposing impacts on the economy. On the one hand, citizens will no longer have to worry about health insurance. As a result, individuals may be treated sooner for things that they could not afford before. This could reduce the medical costs later on from the same problem. On the other hand, we have to pay for this in the short term and that will happen with higher taxes. In general, the tax increases will most likely reduce available capital for the private sector to invest. So, in the short term, I think it will help the economy by providing stability and better medical care for all. The other short-term benefit is that the government will be investing in health care technology, which will create jobs. In the long term, it is unclear if the tax impact will be significant enough to outweigh the economic benefit from a healthier populace.

-- Rene Lacerte, Founder and CEO, Bill.com

Rates appear to be going up, already creating a further drag on business profitability. For most businesses, there will be an immediate negative impact on the administrative burden of reporting requirements. It is still too early to determine the total impact for many businesses, given that the legislation itself could be ruled unconstitutional and many of the elements of the plan will come into effect at various time periods in future. Of greatest long-term concern, however, is the fact that the bill has failed to address the most important financial issue: cost containment. Without serious cost containment, it is clear that our health costs will continue to rise dramatically and in ways that will have serious negative impacts on business, individuals and the U.S. economy.

-- Mont Levy, CEO and principal, BAM Advisor Services

Regulation will be a major drag on the economy until all the issues are worked through. Potential medical cost containment will hopefully be a growth accelerator.

-- Taylor Macdonald, Vice president, Intacct

The effect is uncertainty. How many employers will choose to pay a penalty, rather than offer insurance as a benefit? We just don't know. The more firms that choose to pay a penalty, the more people will be looking to the government and the insurance exchanges.

-- Eric Majchrzak, Marketing and communications director, Freed Maxick & Battaglia

The health care reform legislation will have a substantial effect on most -- if not all -- employers and employees. When President Obama was campaigning, he said, "The project of the next president is figuring out how you create bottom-up economic growth, as opposed to the trickle-down economic growth." This legislation executes on that project.

-- Krista M. McMasters, CEO, Clifton Gunderson

I don't think anyone can predict what the precise effect will be. I do know, however, that all legislation that has an effect on business operations, especially something as sweeping as health care, will necessitate a role for the CPA. As the trusted advisor, CPAs help their business clients and employers to navigate the changes mandated in the new laws so they can remain productive and competitive.

-- Barry Melancon, President and CEO, AICPA

These provisions are still being sorted out by Small Business America. There are many new costs to be borne by small businesses. Some benefits. Thus there is a "deer in the headlights" effect on the 29 million small businesses in the U.S.

-- James C. Metzler, Vice president of small firm interests, AICPA

The job market may get a boost due to new tax credits to small businesses that provide health insurance, reducing their labor costs.

Tax hikes to pay for coverage of the uninsured will negatively impact businesses and high-income individuals.

Insurance companies will see increased competition and squeezed margins due to tighter regulation and increased consumer transparency on the new exchanges.

New taxes on medical device and drug makers could impair the ability of those companies to raise capital.

Large companies may cease to offer health benefits as they weigh the difference between the cost to offer coverage and the government fine for not doing so. However, as the job market improves leading up to 2014, those companies will need to consider the impact of dropping coverage on their ability to attract and retain employees.

-- D. Scott Moore, President, Association for Accounting Marketing

As with any major legislation that is passed by Congress, businesses will either learn and adjust to the new laws put in place or they will suffer because they are unwilling or unable to stay flexible and competitive. A good friend (who works for a regional CPA firm) who opposed the legislation asked me, "Why would my employer continue to offer me health insurance when they know that the government can offer it to me for free?" My answer is, if that CPA firm, or any other small business for that matter, wants to retain their best employees, they will continue to offer them a better benefits package than can be offered by the federal government. Regardless of the state of the economy, people have to choose whether or not they are happy with what their employer is offering them in the way of benefits. If they believe they are being taken advantage of and are not happy with the benefit options afforded to them, they have the power to leave that job. Similarly, if a business owner or a management team sees good employees leaving their company because of their displeasure with their options, that management team or business owner may want to reconsider their approach so far. In other words, business will have to continue to offer competitive benefits to keep the best employees.

With regard to the economy as a whole, hopefully it will encourage innovation amongst hospitals, doctors and insurance companies. Insurance companies will be given the opportunity to provide new products, while doctors and hospitals will be able to treat more people that need preventative care, and individuals will hopefully become more educated about their health and how to make good lifestyle choices. All of which will have a positive effect on our economy through the creation of jobs, a more health-conscious society and fairer treatment for those people that may not be able to afford the coverage they need.

-- Caleb Newquist, Founding editor, Going Concern

Health care is probably the single most critical legislation facing businesses today. Health care is out of control. Unfortunately, I do not believe current reform legislation proposals will be beneficial to the economy or businesses. Costs will prohibit economic growth and reform needs a different solution.

-- Jay N. Nisberg, President, Jay Nisberg & Associates

Small businesses in the United States will be materially impacted by the health care legislation. We serve 1.8 million investors, with one third of those investors owning small business. In addition to the small-business owners we serve, we partner with over 5,000 tax professionals who are small-business owners themselves. Small businesses are the backbone of the U.S. economy, and the impact of these changes will be hard to gauge immediately since the legislation implements regulations over the span of several years. Based on the 2,400 pages in the bill, the health care legislation will affect their hiring strategies, their competitive advantage and their profits.

The legislation imposes mandates on employers with more than 50 workers to provide health insurance to their workers with penalties for non-compliance. This mandate forces small-business owners to make difficult choices. Does the small-business owner decide not to grow his human capital merely to stay below the arbitrary number of 50 employees to avoid the mandate? Decisions made entirely on providing employee health coverage should not be the determining factor in whether or not to add new team members. As such, their opportunity to grow revenue and profits will be limited. If small business doesn't expand, the economy could be impacted with lower expansion and growth, which will trickle down to lower hiring rates and GDP growth.

To fund the health care benefits, taxes paid by small-business owners will also increase. For example, couples earning more than \$250,000 will see a 3.8 percent tax increase on earnings from capital gains and dividends. The tax rates on long-term capital gains were already set to go up at the end of the year to 20 percent, from 15 percent, but now with the passage of the health care bill, investors will see the tax rate jump to 23.8 percent. As marginal rates increase, small-business owners will see less incentive to earn each incremental dollar. Fewer incentives for entrepreneurs to grow their business will have a negative impact on hiring and productivity gains in the United States.

Small-business owners are continuing to digest the legislation's impact to their businesses. They will be consulting with their tax and financial advisors to determine the right direction for their business and personal wealth.

-- Roger Carlton Ochs, President, H.D. Vest Inc.

This will have enormous ramifications and plenty of unintended consequences. There are probably very few people who have even read the entire bill. As a small-business employer with less than 25 employees, I am very concerned about the impact on my employees' current health insurance plan, what the company will be required to do and what will it cost.

-- Judith O'Dell, Chair, FASB Private Companies Financial Reporting Committee

While access will certainly go up, I can't help but believe the overall quality of care will go down. Paying for the new mandate is the equivalent of trying to drive a boat while the anchor is lowered, and will place an undue strain on the economy. I fully expect to see entrepreneurial, non-traditional practice models emerge in light of the new realities. Ultimately, this may be good for everyone as it will re-introduce competition and choice into the market. Vouchers for "private" health care, anyone?

-- Jeffrey S. Pawlow, CEO and managing shareholder, The Growth Partnership

There appears to be a great deal of uncertainty regarding the impact of the legislation on business and the U.S. economy. Already we are seeing significant reaction to Section 9006 of the act that requires businesses to report purchases of goods or services in excess of \$600 annually to the IRS. This would be a significant expansion of the current information reporting requirements. In fact, just a few days ago the AICPA wrote a letter to members of Congress asking them to repeal that section of the act.

As a solutions provider in this area, we are engaged with our customers and regulatory bodies to find the best solutions to meet these new requirements.

-- Brian Peccarelli, President, Workflow & Service Solutions, Tax & Accounting, The Tax & Accounting business of Thomson Reuters

Right now I believe there is much uncertainty about what the health care reform legislation means for business and the U.S. economy. I suspect adjustments will be needed to the legislation as we begin to understand what the requirements are and the costs associated with them.

-- Teresa S. Polley, President, Financial Accounting Foundation

The legislation imposes new obligations on employers at a time when the impact can be significant. The legislation was rushed without the opportunity for the potential impact to be fully considered. The process under which the health care bill was approved by Congress represents the worst example of how the process works --- or doesn't work.

-- J. Clarke Price, President and CEO, Ohio Society of CPAs

First of all, the health care reform will provide health care to over 30 million people who did not have insurance before. It is hard to anticipate the economic impact of people having the proper health care so they can remain more productive in society and lead longer lives. If it helps cut costs and reduce premiums as reported, we could see growth in wages for working people which account for increased spending and economic improvement.

In addition it should generate additional jobs, by creating new, improved technologies, and by allowing more entrepreneurship because of the concern to leave a job because of the health plan benefits.

Perhaps most important in Washington is the federal budget. According to the Congressional Budget Office, the bill will reduce the deficit by close to \$150 Billion over 10 years.

-- Robert Reid, CEO, Intacct

I believe there will be many significant changes in current business models for organizations in the health care "supply chain," and these changes will provide vast opportunities for accountants and business professionals to contribute in a variety of ways. With respect to the U.S. economy, as long as there is widespread uncertainty regarding many aspects of the health care reform, the economy is prone to be affected in a negative way due to insecurity among many key decision makers and business leaders. Once a clearer understanding of the scope of the changes are better understood, I do believe new opportunities will be created that will have positive outcomes for certain businesses.

-- Sandra B. Richtermeyer, Global Chair, Institute of Management Accountants

Long-term, health care reform should have a positive effect on the U.S. economy. Prior to health care reform, health care was costing our economy a higher percentage of output than was the case for most of our trading partners. Projections were that health care reform would contribute to reducing the deficit. While there will certainly be a cost to business of providing health care coverage in accordance with the mandate of health care reform, it is expected that those additional costs will eventually be offset by the reduced administrative costs that are part of the current health system and reduced need to help pay the burden of providing health care for the uninsured. The legislation may have to be tweaked over time to better achieve these goals, but in the end I think it can be a win-win for business and the U.S. economy.

-- Kevin Robert, CEO, Wolters Kluwer Tax & Accounting

Due to the phase-in provisions of the Affordable Care Act, it will take years for business and the U.S. economy to recognize the full positive impact of this legislation. The impact on the U.S. will be positive, both economically and in the quality of future medical care to be provided. The first to benefit from health care reform legislation include those with pre-existing conditions, families with children between college and full-time employment, and small-business sole proprietorships with no employees (which represents 72 percent of all businesses in the U.S.)

Large businesses will be the last to benefit and may find it cheaper initially to pay "penalties" for non-compliance, rather than offer medical insurance benefits to all employees, including part-timers. Initially the cost of compliance and paperwork mandated by this act will be a real burden on all businesses. The accounting profession will be the primary beneficiary, with increased billing from new mandated disclosure requirements on all W2s and reporting of business-to-business transactions in excess of \$600 on Form 1099.

However, in the long run, new medical-related career opportunities and new medical technologies will stimulate the economy. In the legislation, \$1 billion has been allocated for the Qualifying Therapeutic Discovery Project Credit, whereby federal tax credits up to \$5 million per company are provided to encourage new medical innovation. Insurance exchanges will be created, as well as a national database of electronic record medical records. This legislation will ultimately stimulate business innovation and result in better affordable health care for everyone.

-- Michael Rosedale, President and founder, CPADirectory.com

Two thoughts:

1. The legislation was designed to have an economic impact. It was designed to make an insane, arcane, and discriminatory health care system more rational, including providing health care to millions without it. If we didn't have such a polarized, partisan national legislature, we could come up with a health care plan that would have a positive impact.

2. I don't like predicting the future. If anyone knew what the impact of this legislation would be, economically, then there wouldn't be such acrimony over it. So, I don't have any idea about this and anyone who says they do is lying or misinformed.

-- Marc Rosenberg, President, The Rosenberg Associates

I think in the long run it will help. After the adoption transition period, we will see improved health care -- lower cost, better coverage, and fewer increases, etc.

-- Frank K. Ross, Director, Center for Accounting Education, Howard University

It may be too early to tell, since some of the legislation may get overturned or re-framed after the midterm elections.

-- Rebecca Ryan, Founder, Next Generation Consulting

Of course, we all hope this will be a win-win for business and the economy, but this is a huge initiative with lots of angles and issues -- and it's still not certain what it's going to look like by the time we get to full implementation of the law. I think how businesses are affected will vary. Firms under 50 employees will have more options for joining together to purchase insurance as a pool, which should decrease per-employee costs. There are also provisions in place to increase tax credits, which should lower cost per covered employee. However, provisions relating to coverage of those who are uninsured or underinsured will increase employee coverage. It could be that the net will be an increase in cost for some businesses, and a decrease for others, but there are so many factors involved it's hard to say at this time what the ultimate impact will be.

-- Mike Sabbatis, President and CEO, CCH, a Wolters Kluwer business, North America

Health care reform is going to have a significant impact on American business, particularly the middle-market privately held companies. Though we cannot yet grasp the full ramifications of the massive legislation, the cost of doing business is going to go up at a time when business owners are struggling to keep their heads above water.

-- Frank Schettino, Managing partner, Anchin, Block & Anchin

The legislation will eventually provide more insurance coverage for more Americans at a lower cost. However, initially the overall costs of health care will go up because of the complex nature of the new law and system. Eventually, the combination of market forces and more competition will drive these costs down and create a more competitive market.

-- Mark Schlageter, President, Business Compliance & Knowledge Solutions, the Tax & Accounting business of Thomson Reuters

Since the legislation doesn't fully kick in until 2014, that delay coupled with the sheer size of the legislation, the number of people it affects and the authority it leaves to regulators will make it extremely difficult to get any true read of its impact on business and the economy for a while. This long period of time between enactment and implementation is causing a high level of uncertainty within the business community, and uncertainty is usually never good for business decision-makers or the economy.

So my guess is it will probably have a negative effect on business, at least initially. Many small businesses that employ less than 50 people (one of the thresholds in the legislation for tax penalties and compliance requirements) appear to be sitting tight on hiring any new employees until they can get a better handle on what their costs are going to be under the new legislation. They don't want to cross that threshold. That will not be helpful to our current employment situation in the country. Also, the legislation will impose a new Medicare payroll tax on investment income and an increase for higher-income individuals starting in 2013 that may have a dampening effect on investments and the economy.

The biggest issue I am hearing now relates to tax reporting requirements under the new law. All businesses will have to report the value of health care benefits on employees' W2 forms starting in 2012. Businesses will also have to create and submit a 1099 form for every payment to individuals and other businesses of \$600 or more. These requirements will be an additional expense and regulatory burden for business, and the costs will have to be absorbed or passed on to consumers.

The supporters of the legislation hope over time it will help lower health care costs. That is certainly not likely to happen in the near term. Only time will prove if that is true at all. Based on our historical experience with other government programs like Medicare, I would not start spending the anticipated savings, as they may not materialize.

-- John M. Sharbaugh, CEO and executive director, Texas Society of CPAs

I still do not fully understand all the provisions of the bill, only having read summaries in periodicals, etc. If I understand it correctly, by about 2016, some 30 million people who currently do not have health insurance (and therefore health care) will become eligible for health benefits under the legislation. And the cost of this could approach \$1 trillion. That has to come from somewhere, probably from an increase in taxes and/or fees, or an increase in the deficit. Most likely it will come from both.

Most businesses, other than the smallest ones, will be affected, even those currently providing health insurance. For those not currently providing health insurance, their employees (subject to certain income-level restrictions) will have the opportunity to purchase subsidized insurance through a government-sponsored exchange. In such cases, those businesses will be required to pay fees to cover such subsidies. And even if an employer provides health insurance but an employee who does not currently opt for health insurance chooses to purchase insurance personally through the exchange, that employer also has to pay fees to cover the subsidy. This will surely affect a multitude of businesses negatively.

Additional income taxes are also part of the legislation to cover the cost of the bill. In my opinion, increasing taxes to subsidize additional government spending always has a negative impact on the economy in general.

I believe the only businesses that will not be negatively impacted by this legislation (other than those having under 50 employees) are certain types of health care providers like hospitals.

-- James Sikich, CEO and managing partner, Sikich LLP

The health care bill is probably one of the biggest legislative disasters in the history of our country. It will provide benefits to no one and cost everyone dearly for a very long time. I can only hope it will be overturned but a future Congress.

-- Douglas Sleeter, Founder and president, The Sleeter Group

Small businesses play an important role in the U.S. economy and are a strong driver of job growth and innovation. But small businesses are severely disadvantaged by the current U.S. health care system relative to their larger counterparts. This year's health care reform could help spur entrepreneurial activity by increasing the incentives for talented Americans to launch their own companies. Consequently, there could be an additional number of workers willing to work at small firms.

-- Brad Smith, President and CEO, Intuit

In the short run, it will hurt us all. Until we figure out how we are going to pay for it all, it's going to hurt small businesses.

-- Jeffrey D. Solomon, Chairman, Massachusetts Society of CPAs

While health care reform expands coverage for millions of Americans, it does not address the rising cost of health care as a percentage of the U.S. GDP. Businesses and the economy will be affected in many ways, including the following:

1. The rising cost of health care will continue to place an increasing burden on employers required to provide health care coverage for their employees. Increased health care expenses will squeeze profit margins. Many companies will pass on these increased costs to employees and consumers.
2. The cost of expanding health care coverage will be subsidized by state and federal governments, which will create a need for additional tax revenues. The tax burden for individuals and businesses will increase in the future to fund these new government expenditures.
3. Consumer spending accounts for approximately 70 percent of the U.S. economy. If consumers have less money to spend because of increased health care costs and higher taxes, the U.S. economy may ultimately suffer.

The individual components of this legislation are phased in over the next few years. It likely will be several years before we know the true impact this legislation will have on business and the U.S. economy.

-- Neal D. Spencer, CEO, BKD

As with any legislation, there are both positive results to be achieved and challenges. Business will have to adapt. The economy will need to adjust, but throughout that period, CPAs will be called upon to demonstrate their expertise as the trusted financial advisor in dealing with complex issues. The role of the CPA will be to help navigate business through this reform and provide value-added services to educate and assist businesses, generating positive results.

-- Paul V. Stahlin, Chairman, AICPA

From my perspective working with the Sage Healthcare Division and the small to midsized practices we serve, the reform and the ARRA funding should be an extremely positive driver in this space for several years to come as medical practices move from paper-based records and offices to electronic health records and paperless offices.

The federal government will help to mitigate costs to practices that move to EHRs and will offer incentives -- \$44,000 (up to \$64,000 if certain requirements are met) for each qualifying doctor within a practice -- to hasten the transformation. What seems like a once-in-a-lifetime benefit from the government should prove beneficial to anyone using the health care system.

For example, for a medical practice, EHRs provide direct cost savings to a clinic; typically the result of less office space consumed by paper records, and reduced budgets for services and supplies such as paper. In addition, practices are much better able to track patient outcomes and analyze data and trends, and respond accordingly; and doctors are much more likely to get back to practicing medicine because EHRs help streamline the business of medicine.

From a patient's point of view, EHRs grant them more control of their health and allow them the ability to better track their records, communicate with their provider, view lab work online and request prescription refills.

Essentially, I think we'll see a dramatic increase in the number of practices using EHRs because doctors and their patients will begin to understand EHRs' place of importance in health care. Simply put, in this specific area, health care reform should drive the U.S. toward a better health care system, for the provider running a business and for the patient receiving improved care, and potentially a stronger economy overall because of spending fueled by the stimulus act of 2009.

-- Sue Swenson, President and CEO, Sage North America

There no doubt will be an effect, but it would be pure speculation now. However, CPAs the work for U.S. and international businesses will be a critical element in making sure that the legislation is implemented in an effective manner. There are so many provisions that businesses need to understand.

-- Arleen Thomas, Senior vice president of member competency and development, AICPA

I believe the year's health care reform legislation will significant impact on both business and the U.S. economy. From a business perspective, companies will clearly incur additional costs. However, if a company properly administers health care benefits, the additional cost arising from the legislation maybe offset partially by increased productivity and employee loyalty. In my opinion, a healthier workforce could result in increased productivity and employee morale, which should lead to an enhanced bottom line for businesses. If the aforementioned happens, then the U.S. economy should be improve and the public cost to be provide health care should be reduced. Implementation and execution of health care reform legislation by lawmakers/administrators and businesses are critical to achieving a positive impact on business and the US economy.

-- Ralph Thomas, Executive director, NJSCPA

While it is still too early to tell the full effect of this year's health care legislation, since implementation details are

still being worked out, it is clear that millions of Americans will now have access to affordable health care, who previously could not have afforded it. The legislation has the potential to benefit the economy by decreasing the rising burden of health care costs, improving the quality and efficiency of health care, and reducing government spending on Medicare and Medicaid. The legislation will have a positive effect on business if it helps cut costs and reduces premiums.

-- Jeffrey C. Thomson, President and CEO, IMA

As the most sweeping domestic policy change the U.S. has seen in decades unfolds, there are vast implications for businesses across all industries. Smart companies know they must move swiftly to adapt to offset the impact of rising health care costs on profitability and to comply with new administrative and reporting obligations.

But this is more than an exercise in finance or compliance -- it is about innovation. Companies must find innovative ways to continue providing the coverage their employees expect, while ensuring these employees fully understand the options that are available (or those that may no longer be available) to them. All this, while navigating uncharted and changing regulatory waters.

-- James S. Turley, Global chairman and CEO, Ernst & Young

When implemented, the new health care reform laws will represent the most significant changes to the delivery and financing of health care since the inception of Medicare in 1965. The new laws represent a comprehensive journey towards the goals of increasing access to health insurance for all Americans, enhancing quality of care, and reducing cost.

These are extremely complex laws that will evolve over the next decade as rules, regulations, technical corrections, and operational details are defined and public policies are refined. Leading proponents of the new laws expect additional changes over time.

Reform is accelerating the transformation of the health care system to potentially change the way that care is delivered, paid, and insured in the U.S. We are already seeing health care systems, hospitals, physician groups, health insurance companies, and pharmaceutical manufacturers looking for new ways to reduce cost and to work together to enhance efficiencies.

The new laws will affect not only the health care "ecosystem" but also virtually all companies, state governments, and Americans.

For businesses of all sizes, analyzing and operationalizing the key provisions of the legislation and its regulations are critical. Companies need to stay current on the accounting, reporting, and tax implications and compliance requirements.

In addition, leading companies are re-assessing their employee health benefit strategies, including the potential impact on human capital management, and evaluating options to provide for the health care of their workforce and to offer competitive salary and benefits packages now and into the future. They are pressing health insurers and health care providers to look for innovative ways to reduce the cost of health care, including prevention and wellness. They are planning now to ensure compliance with the regulations that will be issued and recognizing that new options for their consideration are likely to emerge over time.

-- John B. Veihmeyer, Chairman and CEO, KPMG

In this period of financial uncertainty for U.S. families, it is evident that some form of health care change was necessary. What should really be pointed out is the impact of bankruptcies on the U.S. economy, as nearly half of bankruptcies in the U.S. resulted from medical costs (and only 25 percent of those that filed for bankruptcy were uninsured). This supports the fact that the existing health care system is clearly challenged.

An interesting perspective that Dr. Alan Gin, an associate professor of economics at the University of San Diego gives is that the existing health care system almost stagnates innovation, as people are unwilling to leave jobs for fear that they would lose their health care coverage and not qualify for a new plan. This stifles small business start-ups and innovation, as many are hesitant to leave their existing roles to pursue their passion, a passion that often has a positive impact on the economy and could lead to new business formation and economic growth in the small-business sector. Hopefully, health care reform will help address this issue.

With every new piece of legislation, there are positive and negative effects, and this is no different. I feel as though it is too early to comment on the full impact of this new piece of legislation on the economy, but at the end of the day it is obvious to me that some kind of change was needed.

-- Jennifer Warawa, Senior director of partner programs, Sage North America

Small businesses play an important role in the U.S. economy and are a strong driver of job growth and innovation. But small businesses are severely disadvantaged by the current U.S. health care system relative to their larger counterparts. The proposed reforms could help spur entrepreneurial activity by increasing the incentives for talented Americans to launch their own companies, and could increase the pool of workers willing to work at small firms.

-- Jill Ward, Senior vice president, Intuit

Small business is the key driver of the U.S. economy. The increased regulation and tax on these businesses will discourage investing and hiring by these companies. The reporting requirements, regulations, tax and uncertainties will have a depressing effect on the U.S. economy.

-- Troy Waugh, CEO, FiveStar3

It is still too early to determine the impact, but even the most well-intentioned actions can have unanticipated side effects. Health care reform would certainly fall into this category. It will be some time before the true impact can be measured.

-- Jack Weisbaum, CEO, BDO USA

Initially -- none! Much of the health care reform bill will not take place until 2014. I believe that between now and then, there will be several changes that will ultimately determine how business and the economy will be affected. In the meantime, firms large and small need to educate themselves and prepare for what is coming. I have found that the SHRM Web site has great resources for firm leaders.

In most firms that I work with, they are already in compliance and have been treating their staff in a fair manner that meets, and in most cases exceeds, the new laws that will be in place. However, firms do need to prepare for

an increase in rates every year, as rates will not decrease with the reform that is taking place.

-- Sandra L. Wiley, Partner, Senior consultant and COO, Boomer Consulting

It seems that the big winners may be hospitals, who will have fewer uninsured patients and perhaps fewer bad debts; state governments in states where there are a large number of uninsured; and small businesses with less than 10 employees averaging less than \$25,000 per year who offer health insurance to their employees (and pay at least half of the premiums) as they'll get the highest credit (up to 50 percent of premiums paid in 2014). Also, children and adults with pre-existing conditions will benefit, although adults will not until 2014. Obviously, the legislation is not perfect, and there are concerns about the economic impact of requiring health insurance benefits for businesses with greater than 50 employees, the increase to our nation's deficit and the increased taxes to offset costs, to name a few.

-- Jennifer Lee Wilson, Co-founder and owner, ConvergenceCoaching

I believe that this year's health care reform legislation will have a negative effect on business and the U.S. economy. I believe that small business will not be able to absorb the cost and also be able to maintain the employment numbers it now supports. I believe this legislation, along with other legislation, is contributing to a great deal of uncertainty among small business and that capital which is available for expansion is being held until that uncertainty is removed -- and how and when that will happen is anyone's guess.

-- Donny J. Woods, President, National Society of Accountants

The legislation is so recent and far-reaching that it is hard to predict its effects on the economy at this time, particularly since its impact will be felt for many years into the future. I believe, however, that the effect will be positive. The Congressional Budget Office has said that the legislation will reduce the deficit by \$143 billion over 10 years. The White House Council of Economic Advisers believes that the bill can create some 320,000 new jobs. Mobility in the workplace will increase as people seek new jobs who have been afraid to leave their current job and lose their health coverage -- especially if they or a member of their family has a pre-existing medical condition. These benefits must be balanced by the realization of reductions in Medicare and Medicaid costs the legislation specifies, and Congress' willingness to enact these reductions in the future. But the most important provision -- that 31 million uninsured can now obtain health care -- leaves me optimistic that the legislation will have an overall positive impact on people's lives as well as the economy.

-- Yacov Wrocherinsky, CEO, Infinity Info Systems

The health care legislation increased taxes, which can't be good for the economy. And because the threshold for "Cadillac" plans is indexed by inflation (which is far outpaced by the rise in health care costs), many companies will find their health insurance costs skyrocketing over the next several years. Since the penalty for not insuring employees is much less than the cost of insuring them, more companies will decide to stop providing health benefits. The primary issue with health care is its high cost. and unfortunately the health bill did little to address that.

-- David Wyle, President and CEO, SurePrep

Here is one way to look at the business environment going forward. Taxes are going to go up. Interest rates are going to go up. Costs are going to go up. Inflation is probably going to go up.

What does that say about the business environment? It is less than optimal. And some are making the case that the health care reform legislation is contributing to the resulting uncertainty.

-- Michael R. Young, Partner, Willkie Farr & Gallagher

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