

Rein in the Costs of Health Care

The ever-increasing cost of health care must be restrained and reduced

Problem:

Health care costs are among the largest costs that small businesses incur. Over the last two decades, health care costs have been steadily increasing and, absent reform, will continue to do so at an unsustainable pace. The 2010 Affordable Care Act failed to substantially address the top health care-related concern of smaller companies: cost.

- Health care spending in the U.S. has increased from 12.5 percent of GDP in 1990 to 13.8 percent in 2000 to 17.9 percent in 2012.
- Overall, 70 percent of small firms (those with fewer than 500 employees) report offering health insurance while less than half of the smallest firms—those with one to five employees—do.
- The majority of small firms pay more than half of the cost of their employees' health benefit plans, and the average monthly per-employee cost of family health insurance premiums for a small firm is \$1,282,
- One in four small businesses reported insurance cost increases exceeding 20 percent at their most recent renewal. Over the last five years, 68 percent report increases exceeding 20 percent.
- To deal with these rising costs, 34 percent of small businesses report holding off on hiring a new employee while 12 percent report they had to lay off an employee.

Solution:

The small-business community needs substantial relief from health care costs and many of the burdens and regulations imposed by the ACA. This level of relief can only be achieved through a broad reform of the current health care system with a goal of reducing the cost of coverage, and providing universal coverage, focus on individual responsibility and empowerment, the creation of the right market-based incentives, and a relentless focus on improving quality while driving out unnecessary, wasteful and harmful care and removing added expenses.

- Efforts should be made to prioritize health care cost containment and reduce the rate of medical utilization while improving health care quality and empowering consumers
- The employer mandate to provide coverage should be repealed. The mandate creates great uncertain, enormous administrative burdens, and financial unpredictability for both firms and employees—while doing virtually nothing to expand coverage.
- Improved and expanded utilization of IT should be prioritized to reduce unnecessary procedures and medical errors, increase efficiency, and improve the quality of care.
- Repeal the Health Insurance Tax which will almost surely be passed along to health insurance companies small-business clients
- Allow the self-employed to fully deduct the cost of their health insurance premiums—currently they cannot, resulting in an additional 15.3 percent tax no other business owner or worker pays

Learn More:

[NSBA's 2015 Small Business Health Care Survey](#)
[NSBA Congressional Testimony on Health Costs](#)