



## Small Business Health Care by the Numbers

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### **About Small Business**

More than one in two people in the U.S. private workforce—70 million people—work for or run a small business, according to data from the U.S. Small Business Administration Office of Advocacy and U.S. Census Bureau.

Since 1989, small business has created 93.5 percent of all net new jobs, totaling 21.9 million new jobs in the past 19 years—or 4,000 jobs per day.

Small business comprises 99.7 of all U.S. private employers, or 26.8 million businesses, and creates more than half of U.S. gross domestic product.

Small firms create 13 times more patents per employee than large firms, and export an average of \$375 billion in goods and services every year.

### **Health Care Challenges**

Sixty-nine percent of small businesses surveyed in 2008 said they want to offer health insurance, however only 38 percent were able to do so—down from 67 percent in 1995.

According to a recent NSBA survey, 97 percent of small businesses were subject to increased premiums since 2005.

The ability to offer health insurance creating a significant competitive disadvantage for small firms, as 99 percent of large businesses offered health insurance in 2008.

The cost of health insurance premiums has increased by 119 percent since 2001, far-outpacing inflation which increased 29 percent.

Since 2001, the very smallest companies, those with 3 to 24 employees, have experienced the highest premium increases of all U.S. firms—often two to four percentage points higher than large businesses.

Due to a loophole in the tax code, self-employed individuals are prohibited from fully deducting their health insurance premiums, resulting in an additional 15.3 percent tax that no other individual is forced to pay.

U.S. families currently spend 26 percent of their annual family household income on health insurance, projections show it will jump to 46 percent in 2016.

Since 2005, more than one-fifth of small businesses reported annual premium increases in excess of 20 percent. In 2008, 28 percent reported an increase in excess of 20 percent.

The U.S. spends roughly \$2.4 trillion annually on health care, with employers dedicating 13 percent of their payroll to health insurance. In Japan, less than four percent of payroll is dedicated to health insurance.

Fifty-eight percent of small businesses who reported premium rate increases were unable to provide employees with salary increases and 39 percent held off on hiring a new employee.

Health care quality continues to be a major concern with one-fourth of NSBA survey respondents reporting they have personally been misdiagnosed.

### **Health Reform Today**

Reports estimate that the U.S. could save \$81 billion through electronic medical records and health IT.

For the last decade, health care reform has ranked number one or number two on the list of priorities for small-business owners, and continues to be among the top challenges facing the future growth and survival of their business.

A large majority of small-business owners believe that individual responsibility should be a component of any reform.