

# THE PULSE OF MAIN STREET NEW YORK

SMALL  
BUSINESSES

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HEALTH  
INSURANCE

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VIEWS ON  
REFORM



New York Small Business  
United for Health Care

The Main Street Alliance

JUNE 2009



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This report was made possible with support from Make the Road New York, the Public Policy and Education Fund, and the Long Island Progressive Coalition, which assisted in the survey collection process.

As the national dialogue over health reform unfolds, small businesses are a critical voice that deserves to be heard. Small businesses are the engine of the economy in New York and across the country; health reform that works for small businesses will help fire that engine and drive economic recovery. As real-life experts on the problems in the current health care system, small business owners have important perspectives to share on how to solve these problems and make health care work for businesses and the economy.

This report focuses on New York small business owners' experiences with health care and views on health reform. Compared to large employers, small employers and self-employed entrepreneurs are at a particular disadvantage in the small group and individual health insurance markets. Small businesses have limited means for purchasing insurance and limited bargaining power. As a result, small businesses frequently go without coverage for their employees (and owners, too) or receive less coverage in the plans they are able to buy, placing their health and financial security at risk.

The data and stories presented in this report were gathered through a survey of over 200 small business owners

from across New York, from Buffalo to Binghamton to Brooklyn and from Albany to Long Island, as well as through in-depth interviews with business owners. The results indicate that New York small business owners:

- ✦ Are struggling to keep up with the rising costs of health care, and need meaningful health reform to do their part for economic recovery;
- ✦ Are deeply concerned about not only affordability but also quality of health coverage options;
- ✦ Are willing to contribute for quality health coverage for their employees, but can't do it without a system of shared responsibility where the costs are shared by all stakeholders;
- ✦ Support an approach to reform that includes the choice of a public health insurance option over one that relies solely on expanded private insurance options; and
- ✦ Want government to play a stronger role in making health care work for businesses and employees.

In sum, the report shows New York small business owners are willing to contribute their fair share to make health care work as long as reform includes measures to ensure affordable costs, real coverage, shared commitment and real choices.

### KEY FINDINGS

This report is based on a survey of 202 New York small businesses owners. Surveys were collected from small businesses in upstate regions including Albany, Binghamton, Buffalo, Rochester, Saratoga Springs and Syracuse, from the Boroughs of Brooklyn, Queens and Staten Island, and from towns on Long Island. About one third of surveys (34 percent) were collected from upstate locales, six percent from Long Island and 60 percent from the Outer Boroughs. The survey gathered information about small business owners' experiences with health insurance and tested their support for different approaches to health reform.

Key findings of the report include:

#### Insured Rates, Costs and Responses to Premium Increases:

- Among small employers, 41 percent of respondents offered health coverage to employees; fewer than half (49 percent) of owners had access to coverage for themselves through their business.
- Almost nine out of ten small employers with coverage (88 percent) estimated they pay five percent or more of payroll for health insurance: 67 percent estimated they pay five to ten percent of payroll and 21 percent estimated they pay eleven percent or more of payroll.
- Among businesses with current or recent coverage, 67 percent reported being quoted a rate increase of six to ten percent or more to keep the same coverage at last renewal; 33 percent reported being quoted a rate increase of 11 to 15 percent or more.
- Fifteen percent of responding businesses with current or recent coverage reported switching to coverage with higher out-of-pocket costs in response to premium increases, 20 percent reported switching to insurance that covers fewer services, and seven percent reported dropping coverage entirely.

#### Priorities in Health Insurance:

- Asked to share their opinion on which features of health insurance they considered "very important," business owners' top two choices were affordability of premiums, co-pays, and deductibles (87 percent) and quality, comprehensive coverage (86 percent).

- Ability to keep insurance if employment status changes ranked third (83 percent), followed by choice of doctors (80 percent) and choice of health insurance plans with varying coverages and costs (57 percent).

#### Willingness to Contribute:

- Among small employers, 63 percent of respondents indicated they were willing to contribute financially to achieve quality, affordable health coverage for their employees; nine percent said they were not.
- Sixty-four percent of small employers indicated a willingness to contribute four to seven percent or more of total payroll costs, in place of current health care costs, to guarantee quality health coverage for their employees and themselves.
- Among self-employed entrepreneurs, 76 percent of respondents expressed interest in being able to buy into a statewide or national health care pool.

#### Small Business Perspectives on Reform:

- Asked about their attitude toward public oversight of private insurers, 80 percent of respondents said there should be more public oversight; 15 percent said there should be less.
- When asked to choose between a reform proposal that would include the choice of a public health insurance plan and a proposal that would create more coverage choices through the private market, 73 percent of responding businesses selected the proposal with a public plan option, compared to 19 percent who selected the proposal with more private market options.
- Seventy-eight percent of responding businesses said they believe government should play a strong role in guaranteeing access to quality, affordable health care; 13 percent said health care should be left up to the free market and government should not intervene.

**BACKGROUND**

Small businesses are the engine of the economy in New York and across America. In 2006, 5.9 million businesses in the U.S. (98 percent of all firms) had fewer than 100 workers. These businesses employed a total of 42.7 million people. In New York, 433,000 businesses (97 percent of firms in the state) had fewer than 100 workers; these businesses employed 2.75 million people, or over one third of the state's private sector jobs. A large majority of firms in the state were even smaller: 399,000 New York businesses (90 percent of all firms) had fewer than 20 workers, and 288,000 businesses (65 percent of all firms) had fewer than five workers.<sup>1</sup>

**Small Businesses Struggle to Find Quality Health Coverage They Can Afford**

Despite the integral role small businesses play in the economy, recent research indicates that the health care system is not working for America's small businesses. Only 43 percent of small businesses with fewer than 50 workers offered coverage to their employees in 2006. In New York, 51 percent of businesses with fewer than 50 workers offered coverage, compared to 98 percent of businesses with 50 or more employees.<sup>2</sup> Compared to larger businesses, small businesses that do purchase insurance

obtain lower quality coverage – often without dental benefits and with higher deductibles – despite the fact that their premiums have increased at a faster rate.<sup>3</sup>

Small businesses with fewer than 25 employees that do offer health coverage saw their average costs grow from eight percent of payroll in 2000 to 11 percent of payroll in 2005. For these businesses, the median cost of health insurance relative to payroll rose by 43.5 percent over the five year period. By 2005, half of all offering businesses with fewer than 25 employees paid more than 10 percent of payroll for health coverage; one out of every four paid more than 15 percent of payroll.<sup>4</sup>

Rising costs are forcing small business owners across the country to make difficult choices about cutting back on benefits or dropping coverage entirely. *The Wall Street Journal* recently reported that more small businesses are dropping health coverage in the face of accelerating costs and declining revenues due to the recession.<sup>5</sup> In one recent survey, more than one-third (36 percent) of small business owners reported that rising costs were likely to force them to cut some portion of coverage for their employees within the next three to five years.<sup>6</sup> In other research, one survey found 10 percent of small businesses will consider dropping health coverage over the next year, up from three percent in 2005, and another found 19 percent of respondents plan to move away from directly sponsoring health benefits in the next three to five years.<sup>7</sup>

For businesses that manage to retain coverage, the combination of higher out-of-pocket costs and more limited coverage affects the affordability and accessibility of health care. As Kaiser Family Foundation researchers have pointed out, “[h]ealth insurance alone is no longer a guarantee of financial protection from the high costs of health care for many.”<sup>8</sup> The challenges small businesses face encompass not only finding coverage that is affordable, but also finding coverage that provides financial protection and a scope of benefits adequate to meet the needs of employees and business owners themselves.



**Edilio Rodriguez  
Goody's Restaurant  
Staten Island**

*My wife and I have owned this restaurant for eight years. We bring jobs to the community and have helped to build a better Port Richmond. Unfortunately, we can't afford to buy health*

*insurance because the group plans are too expensive and they don't give adequate coverage. We have never had health insurance and this makes me very nervous every time someone in my family or one of my employees gets sick.*

*I usually go to the Dominican Republic when I want to get a checkup or need to do some tests because paying for a flight and service over there is less expensive than paying off hospital bills here. However, that is a huge cost to my business – if we have to close for a few days, I lose hundreds of dollars. This is absurd – we are the richest country in the world, why can't we have a good health care system?*

**Small Businesses at a Disadvantage in Health Insurance Markets**

Small businesses face a number of serious challenges in the small group health insurance market. Without bargaining power to negotiate with insurance carriers, small business owners are vulnerable to steep year-to-year rate hikes. Small businesses pay more in administrative costs (often 20 to 25 percent of each premium dollar) than larger groups (often around 10 percent).<sup>9</sup> Small businesses face unpredictable rate increases because they can't spread risk effectively due to their small size.<sup>10</sup> And, small businesses must deal with the complexity and lack of transparency in the health insurance market, often without dedicated staff benefits managers who are trained in these issues, making it difficult for busy business owners to make informed decisions and determine whether their health care dollars are being spent efficiently.

The version of competition that prevails in state small group health insurance markets places small businesses at a disadvantage. Rather than promote competition based on quality and affordability, the current market structure leads insurers to compete for "good risk" (young, healthy people) and avoid so-called "bad risk" (people they expect to cost them more) in order to maximize profits. Depending on the market, carriers do this through a variety of mechanisms, ranging from preexisting condition exclusions and rating practices based on expected health needs to the strategic design of benefit plans and rejection of applicants with health conditions.<sup>11</sup>



**Carmen Ledesma**  
**La Parisien Salon and Medi-Spa**  
**Woodside, Queens**

*I have owned my business here in Queens for fifteen years. With nine employees, the salon is a growing business and an important gathering place in the community. But we don't have health insurance.*

*Without insurance, my health has suffered. I have not been to the doctor for a routine check-up in many years and have had to go without adequate medical care during two health emergencies. I've been trying to expand my business and open a beauty school – my dream as a small business owner. However, we lack the competitive edge to attract good teachers and professionals as staff since I can't provide health insurance, so I've had to put my dream on hold.*



**Colleen Conroy**  
**Lucky Cat Community**  
**Acupuncture**  
**Wantagh**

*I'm a licensed acupuncturist. I treat people with many different kinds of ailments – neck and back pain, fibromyalgia, headaches, TMJ, carpal tunnel, tennis elbow, PMS, infertility, meno-*

*pause, anxiety, insomnia, stress, fatigue, IBS and more. It is a simple, safe and sustainable form of healing.*

*I don't have any employees currently, but if I did I would want them to have health coverage. It's just the right thing to do. I have limited coverage for myself right now from working a second job. It pays part of the cost of office and emergency room visits, but it's not real security. And it doesn't seem right that people who want to go out and start a business and even create jobs for other people are stuck working a second job somewhere else just to get health care.*

*We need health care that empowers patients, builds community and meets the needs of all communities. I think the rest of our health care system could learn some important lessons from acupuncture. For one thing, acupuncture doesn't need to be expensive to be effective – and that's a good lesson for the health care system. I believe natural healing practitioners can be an important part of the solution to the soaring costs of health care.*

Furthermore, the high level of concentration in insurance markets leaves small businesses without meaningful choices or the leverage that comes from having a credible threat of taking their business elsewhere. The American Medical Association found that 94 percent of metropolitan insurance markets across the U.S. are "highly concentrated" according to the index used by federal regulators.<sup>12</sup> In New York, the state's two largest insurers control a 47 percent share of the market.<sup>13</sup> Market concentration is an even bigger concern in the state's rural areas and smaller metro areas. In seven of nine metropolitan areas across the state, the top two insurers control more than two thirds of the market share. In Rochester, for instance, the top two carriers control 94 percent of the market, and in Ithaca 91 percent.<sup>14</sup> This type of market concentration leaves small businesses, especially those in smaller cities and rural areas, without real, affordable health care choices.

Unable to afford coverage for their employees, many small business owners and employees are forced to turn to individual insurance markets to seek coverage for themselves and their families. States' individual markets, however, are beset with even greater problems than the small group market. In many states insurers may have greater latitude to raise rates on enrollees in the individual market and spend a smaller portion of each premium dollar on health care.<sup>15</sup> Adults insured in the individual market "are more likely to have high personal out-of-pocket costs than those with employer coverage."<sup>16</sup> Furthermore, there has been increasing attention to the problem of "post-claims underwriting," in which insurers review enrollees' pre-application medical histories after enrollment to retroactively cancel their coverage based on claims of preexisting conditions.<sup>17</sup>

### Addressing the Challenges Faced by Small Businesses

Small business owners rate fixing health care as a top policy priority. According to a 2008 survey by the Robert Wood Johnson Foundation, 42 percent of small business owners thought making health care more affordable should be the first or second priority for the next President and Congress. This put affordable health care ahead of all other issues, including energy independence (39 percent), tax breaks for small businesses (31 percent), and avoiding tax increases (24 percent).<sup>18</sup>

The challenges small businesses face with health care have risen to the forefront of the public discussion over reform. During the presidential campaign, both Senator McCain and then-Senator Obama spoke specifically about the health care concerns of small businesses. After the election, President-elect Obama continued to draw connections between health reform, small businesses and economic recovery:

*"Now, some may ask how at this moment of economic challenge we can afford to invest in reforming our health care system. And I ask a different question. I ask how can we afford not to? Right now, small businesses across America are laying off or shutting their doors for good because of rising health care costs." – President-elect Barack Obama, December 11, 2008*

Congressional leaders, too, have made the connection between small businesses, health reform, and economic recovery. Representative Nydia Velázquez of New York's 12th Congressional District, Chair of the House Committee on Small Business, made this connection clear in a hearing of her committee:

*"In fact, reigning in healthcare costs is as critical to financial recovery as restoring accountability on Wall Street. As soaring premiums cut deeper and deeper into profit margins, many entrepreneurs are slashing coverage for employees and their families. Still others are dropping it altogether. But perhaps worse yet, countless businesses have been forced to scale back their workforce... Clearly, healthcare reform for small firms is more than a moral obligation – it is an economic imperative." – Rep. Nydia Velázquez, February 4, 2009<sup>19</sup>*

The consensus that health reform is necessary to promote the future prosperity of small businesses leaves a number of critical questions to be answered. How are small business owners coping with their current challenges in health care, and what are they looking for in health coverage? What types of reforms do small business owners support to fix the health care system? Are small business owners willing to contribute toward employees' coverage? If so, how much? And, what role do business owners want elected leaders and government to play in making health care work for small businesses? The survey upon which this report is based posed these questions.



**Jon Wafer**  
Tru Images  
Albany

*I started my business thirteen years ago this August. Before that I worked at another barber shop for four years. I've been cutting hair since high school. I like owning my own business. I get to set things up the way I like, and I've got flexibility to spend time with my family (even if I work long hours overall).*

*I can get to know my employees and my customers, not like at a big corporation. It's kind of like small businesses are what holds everything together in the local economy.*

*There are definitely challenges to running a business, though. On top of cutting hair I have to pay the bills and take care of everything else, too. It can be hard to find good employees, and then when you do it can be hard to keep them, especially when you can't offer benefits like health care. My employees are independent contractors so we all have to get our own health insurance. I have insurance, but it doesn't cover everything I need it to. I've been needing to get an MRI done on my knee but my insurance won't cover it and it would be extremely expensive.*

*I don't think our health care system is serving small businesses well, and we're not getting represented like we deserve on this issue. I support giving small businesses more choices – I don't want my options to be limited. Hopefully Congress can pass something that will give us real choices. Health care needs to be affordable and it needs to provide real coverage – that's common sense. We need to get this done as quickly as possible.*

**METHODOLOGY**

This report is based on a survey of 202 New York small businesses. Surveys were collected from small businesses in upstate regions including Albany, Binghamton, Buffalo, Rochester, Saratoga Springs and Syracuse, from the Boroughs of Brooklyn, Queens and Staten Island, and from towns on Long Island. About one third of surveys (34 percent) were collected from upstate locales, six percent from Long Island and 60 percent from the Outer Boroughs. Surveys were collected mainly through face-to-face contact with business owners in their places of business.

Thirty-nine percent of participating small business owners were small employers; 61 percent were self-employed entrepreneurs. Eighty-six percent of responding small employers had between one and ten employees; 14 percent had 11 to 50 employees. Fifty-one percent of responding businesses had at least one woman owner; 60 percent had at least one person of color in ownership.

This report uses the term “small business” to refer to both small employers and self-employed business owners. In some cases, questions are specific to each group and responses are reported separately. Where the term “small business” is used without distinguishing between small employers and self-employed business owners, reported results are for both groups combined.

**FINDINGS**

**SMALL BUSINESS EXPERIENCES IN NEW YORK'S SMALL GROUP AND INDIVIDUAL HEALTH INSURANCE MARKETS**

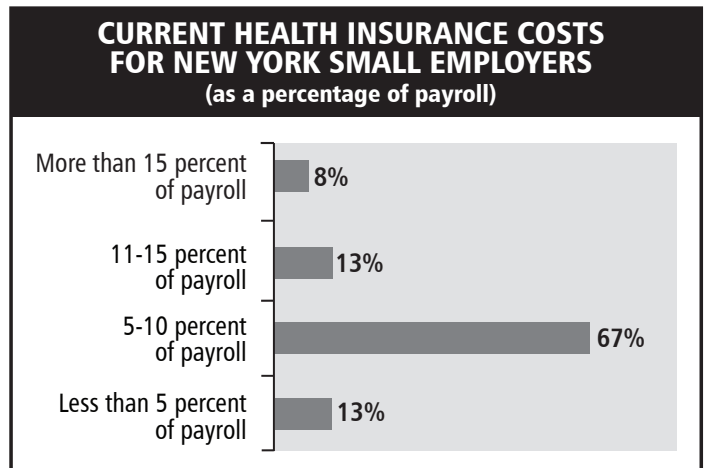
**Insured Rates Among Small Businesses**

Among small employers, 41 percent of respondents offered health coverage to employees. Forty-nine percent offered coverage to the owner, leaving over half of responding small employers without coverage for themselves through their business.

Among self-employed business owners, 64 percent of respondents had health insurance. Twenty-four percent of the self-employed who reported being insured had a plan they purchased on their own (either individual or family coverage). Twenty-seven percent were insured through their spouse's employer.

**Cost of Coverage as a Percentage of Payroll**

Despite efforts to reduce costs by scaling back benefits or increasing deductibles, small businesses still find the costs of health coverage taking up a significant portion of their budgets. Among small employers, 21 percent estimated paying 11 to 15 percent of payroll or more for health insurance. Almost nine out of ten small employers with coverage (88 percent) estimated they currently pay five to ten percent or more of payroll for health insurance.



Among self-employed entrepreneurs with coverage, close to a third (31 percent) estimated paying 11 to 15 percent or more of their gross income for health coverage. Sixty-two percent of self-employed respondents estimated paying five to ten percent or more of their gross income for health insurance.

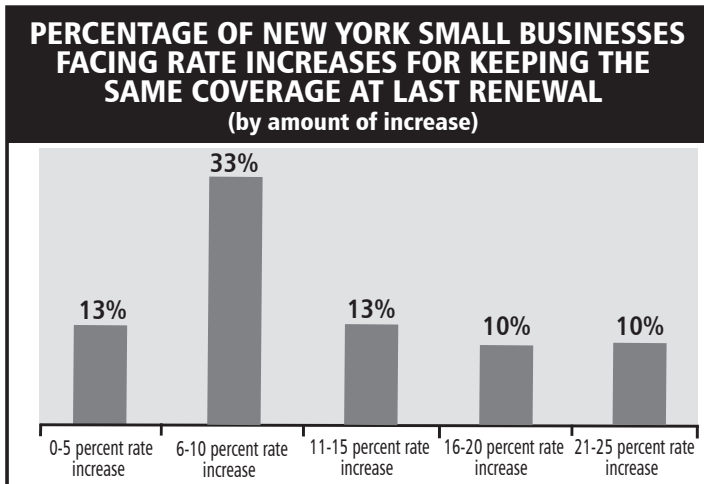


**Sean Massey**  
**Tranquil Bar & Bistro**  
**Binghamton**

*Our employees have asked if the restaurant could offer some sort of health insurance plan to its workers. We thought it was a very reasonable request and checked into the various plans that were out there. Unfortunately, none of them were something the business and our employees could afford. Either the premiums were too high, or the coverage was too limited. We're really not sure what's next. It's absolutely essential that good affordable health care is made available to small businesses like ours.*

**Premium Increases and Responses**

Small business owners have seen rates for keeping the same coverage rise significantly on their last renewals. Among businesses with current or recent coverage, 33 percent reported being quoted a rate increase of 11 to 15 percent or more to keep the same coverage on last renewal. Sixty-seven percent reported being quoted a rate increase of six to ten percent or more.



As premiums have continued to rise, some small businesses have shifted to insurance that includes higher out-of-pocket costs (eg, higher deductibles and co-payments) or covers fewer services. Among respondents to this survey, 15 percent of businesses with health coverage now or in the past two years reported choosing coverage with higher out-of-pocket costs in response to premium increases. Twenty percent reported switching to insurance that covers fewer services, and seven percent dropped coverage entirely.

**Impact of Costs on Businesses and Employees**

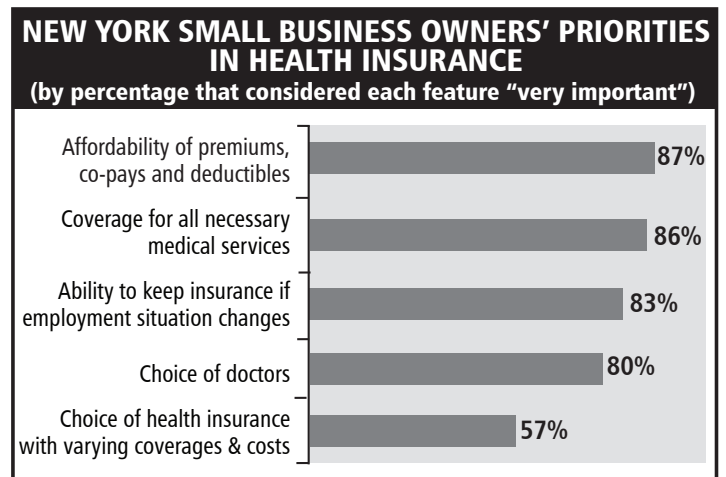
Forty percent of responding business owners said they or their employees had delayed or avoided treatment because of health care or health insurance costs. Forty-six percent said their business would be more productive if they had health coverage for themselves and their employees.

**NEW YORK SMALL BUSINESS OWNERS' VIEWS ON REFORM**

**Priorities in Health Insurance**

When it comes to the various features of health insurance, affordability and quality rank highest among the

concerns of small businesses. Asked to state which of a standard set of features are “very important,” participating small businesses responded as follows: affordability of premiums, co-pays, and deductibles (87 percent); quality, comprehensive coverage (86 percent); ability to keep insurance if employment status changes (83 percent); choice of doctors (80 percent); and, choice of health insurance plans with varying coverage and costs (57 percent).



**Support for Competing Policy Proposals**

To gauge the perspective of small business owners on possible health reform proposals, the survey included questions testing support for specific proposals.

**Public Oversight of Insurance**

The survey questioned small businesses about their attitudes toward public oversight of private insurers. The survey asked business owners if they believed:

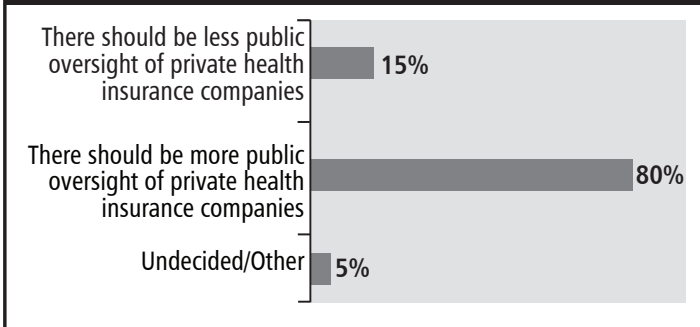
- A. There should be less public oversight of health insurance companies. In order to increase competition, companies should be allowed to set premiums without oversight, offer more bare-bones coverage options, deny coverage if someone is deemed too “high risk,” and vary prices based on whether a person is healthy or sick, young or old, etc.,
- or

## FINDINGS (continued)

**B. There should be more public oversight of private health insurance companies.** Government should be a stronger watchdog over insurance companies by increasing oversight of premium-setting and profit margins, maintaining minimum standards for the quality of coverage in all plans, and ensuring that people can't be denied coverage or charged more based on age or preexisting condition.

In response to this question, 80 percent of respondents selected increased public oversight; 15 percent chose less public oversight.

### NEW YORK SMALL BUSINESS ATTITUDES TOWARD PUBLIC OVERSIGHT OF PRIVATE INSURERS



### Choice of Public and Private Plans

The survey also asked small business owners their preference between two competing reform proposals, one creating a public insurance option and the other creating more coverage choices through the private market:

**Proposal A:** Guarantee affordable health insurance to everyone with a public alternative to private coverage that covers all necessary medical services and is paid for by both employers and individuals according to their ability to pay.

**Proposal B:** Create more affordable coverage choices by allowing insurance companies to sell more bare-bones plans and providing tax credits for buying insurance. Individuals could choose to buy a less expensive catastrophic plan, more expensive comprehensive coverage, or no insurance at all.



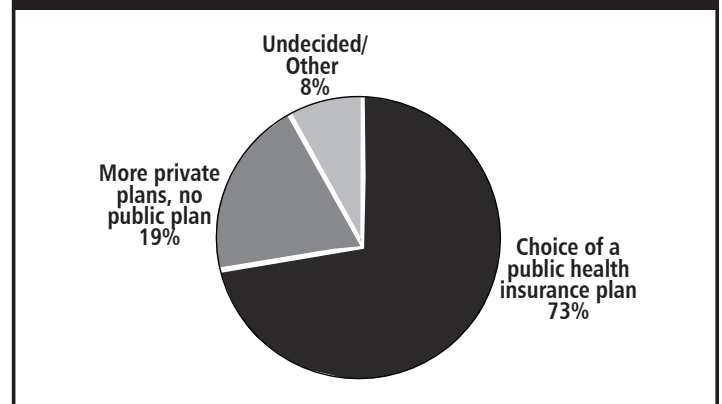
**Ron**  
**Johnny's Hot Diggity Dogs**  
**Buffalo**

*I operate a hot dog cart in downtown Buffalo. I love the work. I enjoy meeting new people and talking to them and I enjoy the flexibility of my day. As far as self-employed business owners goes, I consider myself one of the lucky ones: I have health insurance right now. But I worry every day that I may not be able to afford to keep it the way costs keep rising, and I'm counting on that coverage not only for myself but for my family, too.*

*It seems that small businesses like mine get squeezed out because the insurance industry is calling all the shots and controlling decisions about rates. Having the choice of a public plan for small businesses would give me the peace of mind of knowing that I could afford good health care for myself and my family – now and in the future – and allow me to keep doing the simple work I love.*

When asked to choose between these two proposals, 73 percent of respondents selected Proposal A, the proposal that includes the choice of a public health insurance plan, compared to 19 percent who chose Proposal B, which does not (the remaining eight percent responded with “Undecided/Other”).

### NEW YORK SMALL BUSINESS PREFERENCES AMONG COMPETING HEALTH REFORM PROPOSALS

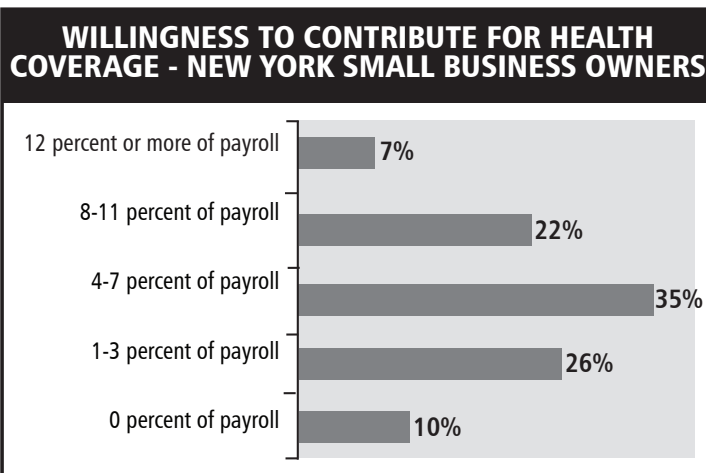


**Business Owners' Willingness to Contribute**

Participating small business owners expressed a willingness to contribute to quality health coverage for their employees and their families.

Among small employers, 63 percent of respondents expressed a willingness to contribute financially to achieve quality, affordable health coverage for their employees, with nine percent unwilling to contribute and 28 percent undecided. Sixty-four percent of surveyed small employers indicated a willingness to contribute four to seven percent or more of total payroll costs, in place of current health care costs, to guarantee quality health coverage for their workers and themselves (35 percent were willing to contribute four to seven percent of payroll, 22 percent were willing to contribute eight to 11 percent of payroll, and seven percent were willing to contribute 12 percent or more).

Among self-employed business owners, 76 percent expressed interest in being able to buy into a statewide or national health care pool.



**Role of Government**

The survey concluded by asking small business owners the following question:

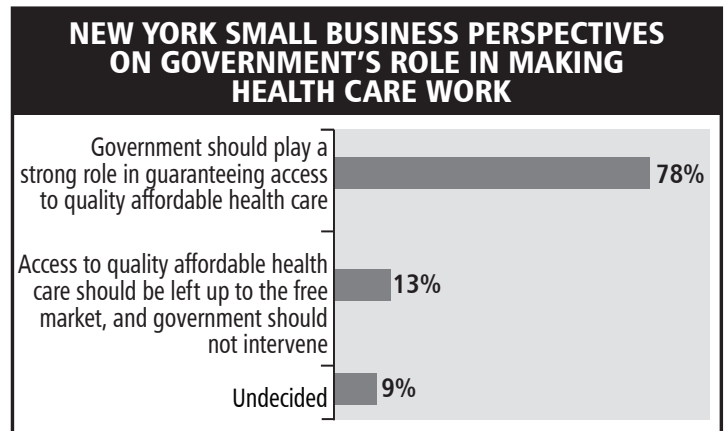
Do you believe that:

A. Government should play a strong role in guaranteeing access to quality affordable health care.

or,

B. Access to quality affordable health care should be left up to the free market, and government should not intervene.

Seventy-eight percent of respondents said they believe government should play a strong role in guaranteeing access to quality, affordable health care, compared to 13 percent who said they believe access to quality, affordable health care should be left up to the free market, and government should not intervene (nine percent were undecided).



Small businesses have found themselves at the center of the country's health insurance troubles. Without bargaining power to negotiate with insurance carriers, small business owners face the prospect of steep rate hikes from insurers come renewal time year after year. Because of these rising costs, small businesses are routinely forced to reduce benefits by increasing deductibles and employees' share of premiums.

Small businesses pay more in administrative costs than larger groups, and are penalized because they can't spread risk effectively (due to their small size). And, small businesses must contend with the great complexity and lack of transparency in the health insurance market, which make it difficult for busy business owners to make informed decisions and determine whether health care dollars are being spent well.

Without significant reform, small business owners and their employees will continue to be caught in a bind between paying unaffordable premiums and out-of-pocket costs, forgoing needed health care, and falling victim to mounting medical debt.

### **New York small business owners have strong opinions on the current health care system and what should be done to fix it:**

- ✦ Struggling to keep up with rising costs and often forced to cut back on coverage, **New York small business owners are deeply concerned about both the affordability and the quality of health coverage options.**
- ✦ **The majority of surveyed New York small business owners are willing to contribute for good health coverage for their employees**, but can't do it without a system of shared responsibility where costs are shared by all stakeholders.
- ✦ New York small business owners **overwhelmingly support an approach to reform that includes the choice of a public health insurance option** over one that relies solely on expanded private insurance options.
- ✦ **New York small business owners want government to play a stronger role** in making health care work for businesses and employees.

In sum, this report shows New York small business owners are willing to contribute their fair share to make health care work as long as reform includes measures to ensure affordable costs, real coverage, shared commitment and real choices for small businesses.

## RECOMMENDATIONS

The results of this survey indicate strong support among New York small business owners for concerted action to fix the health care system. Comprehensive health reform should address the concerns of New York small businesses by incorporating the following features:

### **Affordable, Predictable Costs**

Small businesses need affordable avenues to contribute to health coverage for their employees. Stable, predictable costs for which business owners can budget from month to month and year to year would be a welcome replacement for the anxiety and unpredictability of premiums that sky-rocket annually in the current system.

### **A Guarantee of Real Coverage**

Small business owners and employees should not be at a disadvantage when it comes to covered services and out-of-pocket costs due simply to the size of their business. Health care reform should include a guarantee of quality coverage - coverage that includes necessary services and financial protection, and won't disappear when an entrepreneur seeks to start a new business.

### **Stronger Oversight of Private Health Insurers**

Current regulatory standards are inadequate for protecting small businesses from harmful practices (such as

preexisting condition exclusions and discriminatory rating practices) they frequently encounter in the small group and individual health insurance markets. Small businesses need stronger oversight of insurers to end discriminatory practices in health insurance.

### **Real Choices, Including the Choice of a Public Health Insurance Plan**

Small business owners need real choices in health care, and support reform that expands choice by including a public health insurance option alongside private options. Based on experience, business owners believe that insurance market reforms alone cannot be expected to restore choice and competition. The choice of a public health insurance plan would give small businesses new leverage and bargaining power, encourage competition among private insurers, and help to drive down costs.

### **Commitment to Shared Responsibility**

Small businesses are willing to contribute to a health care system that delivers real value and in which all stakeholders pay a fair share. Under reform, government, business, employees and providers should all contribute to make the health care system work.

## ENDNOTES:

- 1 U.S. Census Bureau, "Number of Firms, Number of Establishments, Employment, and Annual Payroll by Employment Size of the Enterprise for the United States and States, Totals - 2006," 2006 County Business Patterns, <http://www.census.gov/csd/susb/susb06.htm>
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## **New York Small Business United for Health Care**

New York Small Business United for Health Care is a coalition of New York small business owners working towards a comprehensive solution to the state's - and the nation's - health care woes. Our coalition is a project of Make the Road New York, a local community based organization, and is affiliated with the national Main Street Alliance network. Our small business leaders are committed to quality, affordable health care for small businesses, our employees, our families and our communities.

[www.mainstreetalliance.org/newyork](http://www.mainstreetalliance.org/newyork)

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## **The Main Street Alliance**

*A big vision for small business*

The Main Street Alliance is a national network of small business coalitions in fifteen states working with small business owners to build a new voice on health care. The Alliance's core principles for meaningful health reform include affordable costs, guaranteed coverage, shared commitment and real choices. Alliance small business leaders support health reform that works for small business owners, our employees and the economy.

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