

Rein in the Costs of Health Care

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

Problem:

The small-business community needs substantial relief from health care costs and many of the burdens imposed by the Affordable Care Act (ACA). Over the last two decades, health care costs have been steadily increasing and, absent reform, will continue to do so at an unsustainable pace. A key reason health care costs are so high is because health care prices are often hidden—most patients and their physicians have little to no idea how much each procedure, medication, or hospital stay actually costs—which hinders market competition and keeps patients and their health care providers from making fully informed decisions.

- Today, just 54 percent of small firms (those with fewer than 500 employees) report offering health insurance, down from 70 percent five years ago.
- Among the smallest employers—those with one to five employees—just one-third are able to offer health insurance.
- On average, small-business owners pay for 72 percent of the cost of their employees' health insurance plan. The total monthly premium for the average small firms' company-wide health insurance package is \$38,915.
- To deal with these rising costs, 55 percent of small businesses report holding off on salary increases for employees while 32 percent report they had to hold off on hiring a new employee.

Solution:

NSBA believes that true relief can only be achieved through a broad reform of the current health care system with a goal of reducing the cost of coverage, providing universal access, focusing on individual responsibility and empowerment, creating of the right market-based incentives, and a relentless focus on improving quality while driving out unnecessary, wasteful and harmful care. Needed elements to improve the quality of care include:

- The maximum three-to-one ratio for premiums has driven up rates for the young and otherwise uninsured, therefore NSBA supports the increase to a 5-to-1 ratio, which would provide much-needed relief and keep costs down for younger employees.
- Policymakers should prioritize health care cost containment and reduce the rate of medical utilization while improving health care quality and consumer empowerment.
- The employer mandate creates greater uncertainty, enormous administrative burdens and financial unpredictability for both firms and employees—while doing virtually nothing to expand coverage—and should be repealed.
- Improved and expanded utilization of IT should be prioritized to reduce unnecessary procedures and medical errors, increase efficiency, and improve the quality of care.
- The arbitrary limits on the provisions of Health Savings Accounts and Flexible Spending Accounts need to be reformed and expanded.
- Repeal the Health Insurance Tax which will almost surely be passed along to health insurance companies small-business clients—resulting in fewer businesses offering health insurance to their employees.
- 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.
- Transparency is crucial to help patients make informed choices and must be utilized.

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