

Rein In The Costs of Healthcare

Problem:

The small-business community needs substantial relief from health care costs. Over the last two decades, health care costs have been steadily increasing and, absent reform, will continue to do so at an unsustainable pace.

- According to the Kaiser Family Foundation 2020 Employer Health Benefits Survey, 55 percent of small firms and 99 percent of large firms offer health benefits to at least some of their workers.
- The likelihood of offering health insurance drops significantly with the firm's size—only 48 percent of firms with 3 to 9 workers offer coverage.
- The average family premiums for small firms have steadily increased over the last decade: from \$13,250 in 2010 to \$20,438 in 2020.
- Despite the cost, small firms are doing more for their employees when it comes to health insurance costs: 27 percent of covered workers in small firms have an employer that pays the full premium for single coverage, compared to 4 percent in large firms.
- For family coverage, those numbers are 10 percent and 1 percent, respectively.

Solution:

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 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 3-to-1 ratio for premiums has driven up rates for the young and otherwise uninsured—a 5-to-1 ratio would provide much-needed relief and keep costs down for younger employees.
- Policymakers should prioritize health care quality and consumer empowerment.
- The employer mandate creates uncertainty, enormous administrative burdens and financial unpredictability for both firms and employees—while doing virtually nothing to expand coverage—and should be repealed.
- The arbitrary limits on the provisions of Health Savings Accounts and Flexible Spending Accounts need to be reformed and expanded.
- 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.