

Small Businesses and Health Reform – What We Stand to Gain

Main Street business owners know the status quo is intolerable when it comes to health care. We’ve demanded that Congress enact comprehensive reform that will create real choices of affordable coverage for small businesses. We need Congress to stand with small businesses and pass a final reform package that fulfills the Main Street Alliance’s four cornerstone principles for health reform: affordability, accountability, shared commitment, and real choices.

All the necessary elements are on the table between the House and Senate bills and the President’s recently released proposal. Here’s a summary of key provisions worth fighting for and what small businesses stand to gain:

ACCOUNTABILITY	<p>Ending insurance company abuses through market reforms: The Senate bill prohibits coverage exclusions based on pre-existing conditions, limits premium variation based on age or family structure, eliminates lifetime and annual limits on coverage, bans rescissions of coverage, extends coverage of dependent children to age 26, and requires insurers to spend more of premium dollars on clinical services. The President’s proposal extends many of these reforms to existing “grandfathered” health plans and strengthens oversight of premium increases by creating a federal Health Insurance Rate Authority.</p>
CHOICE	<p>Increasing transparency, choice and competition through a health insurance exchange structure: The Senate bill creates new state-based health benefit exchanges including Small Business Health Options Program (SHOP) exchanges to enable small businesses with up to 100 employees to pool insurance risks and negotiate better coverage and premium options. The President’s proposal follows this approach. It could be strengthened by creating a national exchange, including a national public health insurance option, to maximize pooling opportunities and bargaining power for small businesses.</p>
AFFORDABILITY	<p>Promoting affordable coverage for small employers through tax credits: The Senate bill provides a sliding-scale tax credit of up to 50 percent of the total premium (up to 35 percent from 2010 through 2013) for employers with no more than 25 employees and average annual wages of less than \$50,000.</p> <p>Promoting affordable coverage for self-employed business owners, family businesses and small business employees through premium assistance: The President’s proposal bridges the differences in premium assistance for individuals and families in the Senate and House bills. Under his proposal, a family of four with an income below \$44,000 would pay premiums no more than 6.3 percent of income for coverage that pays 85 percent of health care costs. Families with income up to \$88,000 would pay premiums no more than 9.5 percent of income for coverage that pays 70 percent of health care costs.</p>
SHARED COMMITMENT	<p>Spreading costs more fairly through shared responsibility: Small business owners are willing to contribute a fair share toward the cost of health coverage, but need a level playing field to do so. Larger employers need to do their part, too. The Senate bill requires employers with more than 50 workers that choose not to offer health insurance to pay a \$750 fee for each full-time worker if a worker qualifies for taxpayer-funded premium assistance. Businesses with fewer than 50 workers are exempted. The President’s proposal, which also applies to employers with more than 50 workers, raises the fee to \$2,000 per worker but skips the first 30 workers. Employers with more than 50 workers that offer coverage but still have employees receiving premium assistance must pay the lesser of \$3,000 for each worker receiving assistance or \$750 for each full-time worker on the payroll.</p>