



TAKING THE PULSE OF MAIN STREET

**Small Businesses,
Health Insurance, and
Priorities for Reform**



January 2009

**NORTHWEST FEDERATION OF
COMMUNITY ORGANIZATIONS**

THE MAIN STREET ALLIANCE

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This report would not have been possible without the contributions of Aaron Katz, University of Washington School of Public Health and Community Medicine.

The United States is poised to reform its health care system. Millions of people across the country go without necessary health care or fall into economic distress because they do not have health coverage that meets their needs. Increasingly, the public has come to recognize that major change is needed to ensure access to health care for everyone living in the United States.

This report focuses on the perspectives of small business owners, including small employers and self-employed entrepreneurs. Compared to large employers, small businesses and the self-employed are at a particular disadvantage in the private health insurance market. They have limited means for purchasing insurance and limited bargaining power. As a result, they more frequently go without buying insurance and receive less coverage in the plans they are able to buy, placing them and their employees at risk.

The data and stories presented in this report were gathered through a survey of nearly 1,200 small business

owners in twelve states, as well as through in-depth interviews with business owners about their experiences in the private health insurance system. The results indicate that small businesspeople:

- Are concerned deeply about the adequacy of insurance, including the breadth and affordability of services covered by their plans;
- Believe government should provide a public alternative to private coverage;
- Want increased oversight of private insurers; and
- Are willing to contribute their fair share toward a system that makes health care work for small businesses, their employees, and the communities they serve.

In sum, small business owners are willing to contribute to make the health care system work if they believe the system design makes sense, if financial responsibility is shared broadly and fairly, and if dollars are channeled toward providing needed care instead of third-party profits.

KEY FINDINGS

This report is based on a survey of 1,199 small businesses, including small employers and self-employed entrepreneurs, in twelve states: Colorado, Idaho, Illinois, Iowa, Maine, Montana, New Hampshire, New Jersey, New York, Oregon, Rhode Island, and Washington. The survey gathered information about small business owners' experiences with health insurance and tested their support for different approaches to reforming the health care system.

Key findings of this report include:

Insured Rates, Costs, and Responses to Premium Increases:

- Among small employers, one third (34 percent) of respondents offered health coverage to all or some employees; 43 percent of owners received coverage through their business.
- More than four out of five (81 percent) small employers with coverage estimated they pay five to ten percent or more of payroll for health insurance; 41 percent estimated they pay eleven percent or more of payroll.
- Fifty-four percent of responding businesses with current or recent coverage reported switching to coverage with higher out-of-pocket costs in response to premium increases, 35 percent reported switching to insurance that covers fewer services, and 12 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 (92 percent) and quality, comprehensive coverage (85 percent).
- Ability to keep insurance if employment status changes ranked third (78 percent), followed by choice of doctors (66 percent) and choice of health insurance plans with varying coverages and costs (61 percent).

Small Business Owners' Willingness to Contribute:

- Among small employers, 73 percent of respondents indicated they were willing to contribute financially to achieve quality, affordable health coverage for their employees.
- Of respondents, 63 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, 61 percent of respondents expressed interest in being able to buy into a statewide or national health care pool.

Small Business Perspectives on Reform:

- When asked to choose between a reform proposal with a public insurance option and a proposal with expanded private market options, 59 percent of responding businesses selected the proposal with a public option, compared to 26 percent who selected the proposal with more private market options.
- Asked about their attitude toward public oversight of private insurers, 75 percent of respondents said there should be more public oversight, compared to 13 percent who said there should be less.
- Seventy percent of responding businesses said they believe government should play a strong role in guaranteeing access to quality, affordable health care.

BACKGROUND

Fixing the country's health care system has become a top policy priority for a large portion of Americans, and there is growing momentum toward reform. President-elect Obama has placed the issue high on his domestic agenda, and a growing number of prominent elected officials and interest groups have outlined proposals for reforming the way people across America receive their health care.

*"The time has come this year in this new administration to modernize our health care system for the 21st century, to reduce costs for families and businesses, and to finally provide affordable, accessible health care for every single American. Now, some may ask how at this moment of economic challenge we can afford to invest in reforming our health care system. 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*

The particular 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 President-elect Obama spoke specifically about the health care concerns of small businesses. The New York Times recently reported on the increasing attention being paid to small businesses by Congress and state lawmakers, referring to small business as the "latest focus in [the] health fight."¹

Small Businesses Struggle to Find Quality Coverage They Can Afford

Although large employers face their own challenges in meeting their health care obligations toward employees and retirees, small business owners face even greater struggles. Only 42.6 percent of small businesses nationwide offer health coverage to their employees.² Compared to larger businesses, small businesses that do pur-

chase 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.³

According to recent research, small businesses with fewer than 25 employees that do offer health coverage have seen their average costs grow from 8 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.⁴

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."⁵ Thus, 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.

Small Businesses Are at a Disadvantage in the Private Health Insurance Market

Small business owners find themselves at a disadvantage because of the way our private health insurance markets function. By virtue of their size, large businesses can better spread risk and administrative costs among a larger pool number of employees. They also use bargaining power to get lower rates.

To maximize profits, insurers compete for "good risk" (young, healthy people) and avoid so-called "bad risk" (people they expect to cost them more). 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 strategic design of benefit plans and rejection of applicants with health conditions.⁶

State regulation of these practices is limited. Most states allow insurers to charge small businesses higher rates if they have employees with preexisting conditions. Moreover, most states allow insurers to raise a small business' rates even higher based on the health care the business' employees use in a given year.⁷ These rating practices create a disincentive for small businesses to hire and retain employees with potentially greater health risks, in addition to making coverage most expensive for those with immediate health care needs.

Unable to afford coverage for their employees, many small business owners are forced to turn to the individual market to seek coverage for themselves and their families (as opposed to the large group market for big businesses and the small group market for small businesses). In many states, the self-employed do not have guaranteed access to small business insurance.⁸ The individual market, therefore, is the only source of private coverage available to them.

The individual market, however, is beset with even greater problems than the small group market. In the individual market, insurers may reject applicants based on health status, may have greater latitude to raise rates based on an enrollee's health needs, and spend a smaller portion of each premium dollar on health care.⁹ Adults insured in the individual market "are more likely to have high personal out-of-pocket costs than those with employer coverage."¹⁰ 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.¹¹

Proposals to Address the Challenges Faced by Small Businesses

A number of proposals have been developed with small businesses' particular challenges in mind. Some have proposed extending tax credits to employees of small businesses to help them purchase insurance on the individual market, without requiring insurers to meet strengthened rating or coverage standards.¹² The SHOP Act, sponsored by Senator Dick Durbin, and the CHOICE Act, sponsored in the House by Representative Nydia Velazquez, would provide tax credits to small business owners and expand risk pooling among small businesses, among other provisions.¹³

Small businesses also have been included in more comprehensive approaches to health care reform. President-elect Obama's health care plan includes: the creation of a health insurance exchange (with private plans and a public option) through which small businesses and individuals would purchase coverage; tax credits for small businesses; and, rating, benefits, and coverage reforms in the private health insurance market.¹⁴

In November, Senator Max Baucus of Montana released a health care reform white paper with similar elements. It proposes, among other changes, creation of a health insurance exchange available to individuals, families, and small businesses. Those using the exchange would choose among a new public plan and participating private plans, which would have to comply with rating and benefits standards; rating reforms would also apply outside the exchange in the individual and small group markets.¹⁵

METHODOLOGY

This report is based on a survey of 1,199 small businesses, including small employers and self-employed entrepreneurs, in twelve states: Colorado, Idaho, Illinois, Iowa, Maine, Montana, New Hampshire, New Jersey, New York, Oregon, Rhode Island, and Washington. Surveys were collected primarily through face-to-face contact with small business owners in their places of business. Locations ranged from business districts in downtown urban areas to clusters of locally-owned businesses in suburban neighborhoods to main streets in small rural towns. Some surveys were also collected through participating small business groups (such as local Chambers of Commerce). A small number were collected by phone and through email.

Fifty-six percent of responding small business owners were small employers, compared to 44 percent self-employed entrepreneurs. Sixty-four percent of the small employers had between one and five employees, 21 percent had six to ten employees, 12 percent had eleven to 25 employees, and the remainder had 26 to 50 employees. Fifty-five percent of responding businesses had at least one woman owner and 23 percent were owned by people of color.

For each state where more than 50 business owners participated in the survey, the report includes state breakout pages that analyze the survey results from that state separately (these pages are found after the overall analysis of the national results). The state breakout pages report results for a standard set of questions from the survey. One exception to this standard set is the question about percentage of payroll small employers currently pay for health insurance, where results are reported only for states where more than 20 businesses responded to this question.

This report uses the term “small business” to refer to both small employers and businesses operated by self-employed entrepreneurs (without employees). However, in some cases, questions are specific to each group and responses are reported separately. Wherever the term “small business” is used without distinguishing self-employed entrepreneurs, it includes both small employers and self-employed business owners.

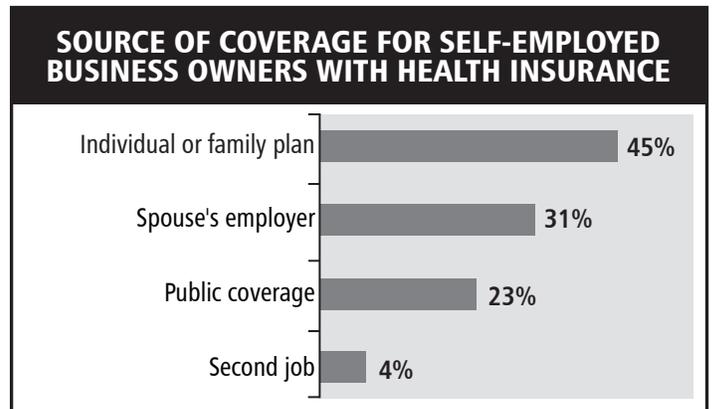
FINDINGS

Small Business Experiences in the Private Health Insurance Market

Insured Rates Among Small Businesses

Among small employers, only one third (34 percent) of respondents offered health coverage to employees through the business. Of these businesses, 43 percent provided coverage to the owner, leaving over half of small employer respondents without coverage through their business.

Among self-employed business owners, 70 percent of respondents had health insurance. Forty-five percent of the self-employed who reported being insured had a plan they purchased on their own (either individual or family coverage). Thirty-one percent were insured through their spouse’s employer; and 23 percent had insurance through a public program, such as Medicaid, Medicare or a state program.





**Sheryl Ostrow
Mallards' Crossing
Bangor, Maine**

As a small business person, I am squeezed with high health care costs. I know women in general are forced to pay much higher premiums if self insured due to the insurance industry's stance about women in childbearing years.

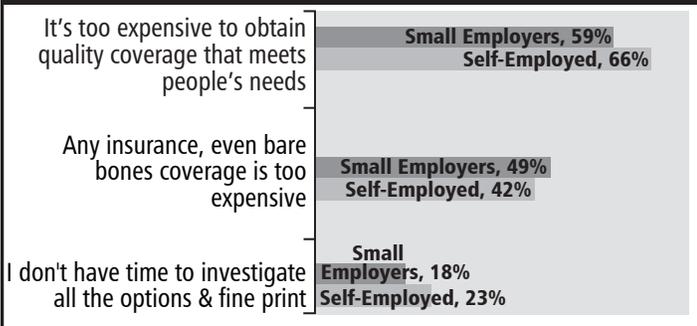
I also bill insurance companies for the services I provide and have found they are very slow to pay, reject at least 50 percent of the claims, and they're basically rotten to deal with. My clients' health insurance companies also often subcontract to other insurers, which creates confusion, errors, and other difficulties for the consumer. In addition, people with chronic diseases, such as diabetes, are at risk of being thrown into high-risk pools, increasing premiums for those who can least afford it.

Reasons Why Small Businesses Do Not Currently Purchase Insurance

The reason for not purchasing insurance most frequently cited by both small employers and self-employed entrepreneurs was that "it's too expensive to obtain quality coverage that meets people's needs."

Sixty-six percent of self-employed respondents and 59 percent of small employer respondents selected this reason, while 42 percent and 49 percent, respectively, selected "any insurance, even bare bones coverage, is too expensive" (respondents were asked to check all statements that applied). These response rates indicate that quality of coverage, and not only affordability of premiums, weighs heavily with small business owners as they decide whether to purchase insurance.

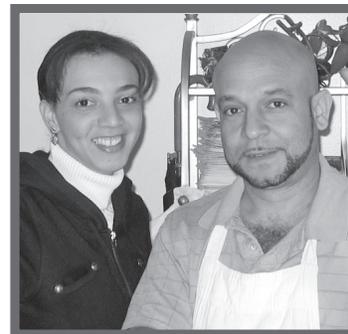
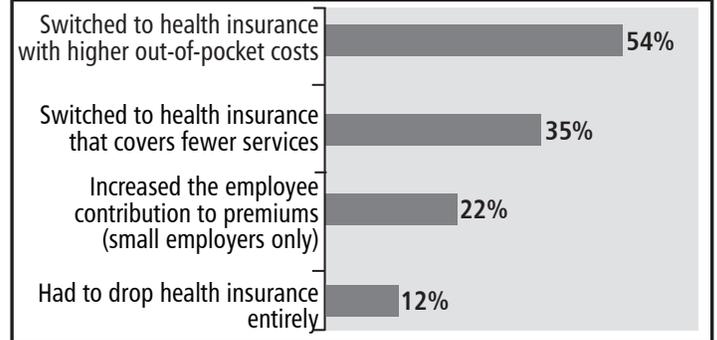
SMALL BUSINESS OWNERS' REASONS FOR NOT PURCHASING INSURANCE



Small Business Responses to Health Insurance Premium Increases

As small business owners have seen their premiums rise, many have shifted to insurance that includes higher out-of-pocket costs, such as deductibles and co-payments. Among respondents to this survey, 54 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. Meanwhile, 35 percent reported switching to insurance that covers fewer services, and 12 percent dropped coverage entirely.

SMALL BUSINESS RESPONSES TO HEALTH INSURANCE PREMIUM INCREASES



**Edilio Rodriguez
Goody's Restaurant
Staten Island, New York**

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?



Matt Hisel
Home Resource
Missoula, Montana

Home Resource is a building materials re-use center. We've been in business for five years and have grown to 14 full and part-time employees. As an employer, we are committed to doing our best to provide good health coverage for our

staff. We've learned the hard way that small businesses get the short end of the stick in the current system.

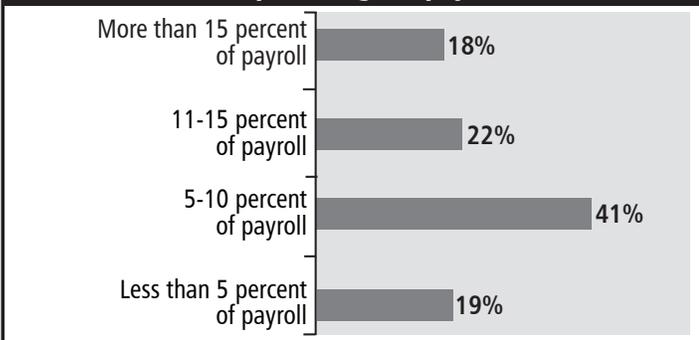
We started with a seemingly decent health plan. Then the insurance company hit us with a 39 percent increase after just one year. We've been forced to switch to another, and then another and another plan, because every time the cost goes up far more in the second year than we project or can afford. We're at the mercy of the insurance companies' whim.

Cost of Coverage as a Percentage of Income or Payroll

Despite efforts to reduce costs by scaling back benefits or increasing deductibles, small businesses still find health care taking up a larger and larger chunk of their budgets.

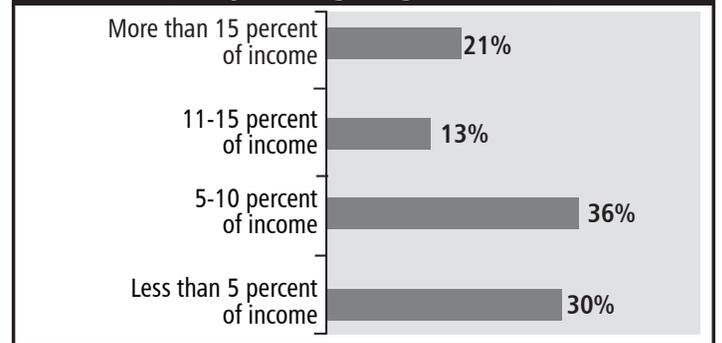
Among small employers, 41 percent estimated paying five to ten percent of payroll for health insurance. More than four out of five (81 percent) small employers with coverage estimated that they pay five percent or more of payroll for health insurance.

ESTIMATED COSTS SMALL EMPLOYERS CURRENTLY PAY FOR HEALTH COVERAGE (as a percentage of payroll)



Among self-employed entrepreneurs with health coverage, more than a third (36 percent) estimated paying five to ten percent of their gross income for health care. Seventy percent of self-employed respondents estimated paying five percent or more of their gross income on health insurance.

ESTIMATED COSTS SELF-EMPLOYED BUSINESS OWNERS CURRENTLY PAY FOR HEALTH COVERAGE (as a percentage of gross income)



Impact of Health Insurance and Health Care Costs on Small Businesses and Their Employees

Forty-four percent of responding small businesses said their business would be more productive if they had coverage for themselves and their employees. Forty-nine percent said they or their employees had delayed or avoided treatment because of health care or health insurance costs, while 40 percent said health costs have had a negative impact on other parts of their business (such as contributing to high turnover or preventing business growth).



Maribel Peralez
Lynnwood, Washington

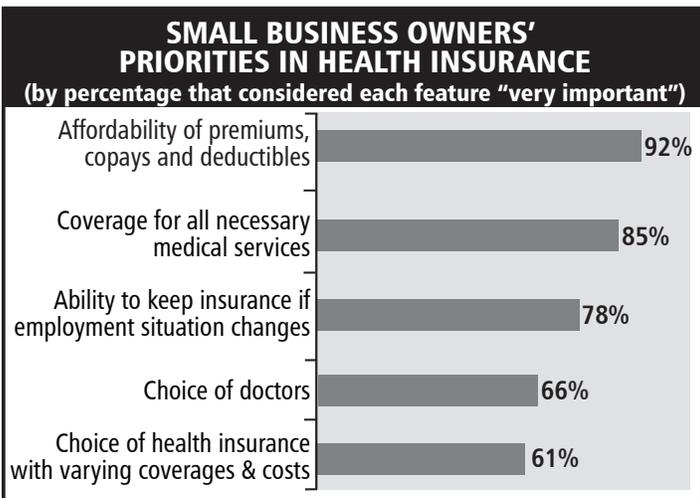
For four years, I had a successful business as a loan originator and insurance agent. I loved my work and, as an entrepreneur, I served my community and followed my dreams. Unfortunately, my dreams were forced to an end because of the skyrocketing cost of health care.

As a small business owner, I fell between the cracks: I made too much to qualify for public programs but I didn't make enough to pay the high cost of premiums with private health insurers. That's why I left my business and started a job with a large company that, at least for now, still provides health care. Small businesses and the self-employed have a hard enough time to begin with accessing loans. With the health care crisis, the self-employed dream is becoming a thing of the past.

Small Business Perspectives on Health Reform

Features of Health Insurance Important to Small Businesses

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 (92 percent); quality, comprehensive coverage (85 percent); ability to keep insurance if employment status changes (78 percent); choice of doctors (66 percent); and, choice of health insurance plans with varying coverage and costs (61 percent).



Small Business Support for Competing Policy Proposals

To gauge the perspective of small business owners on possible reform proposals, the survey included questions testing support among small business owners for specific health reform proposals. The first of these questions asked small business owners their preference between two competing reform proposals, one focusing on a public insurance option and the other on 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.

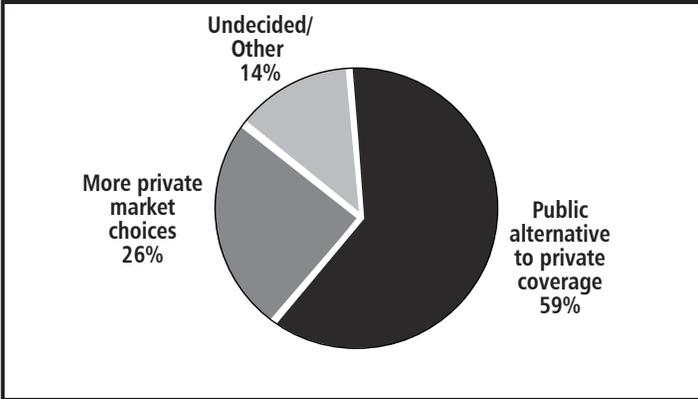
When asked to choose between these two proposals, 59 percent of respondents selected Proposal A, compared to 26 percent choosing Proposal B (the remaining 14 percent responded with “Undecided/Other”).



Marinder Joshi
Marysville Tobacco Bar
Marysville, Washington

I have had this business for over five years and am in a really bad situation. Everywhere that we have looked insurance plans require either a really big deductible or a huge co-pay and none cover a pre-existing condition. My wife has knee problems and without insurance the surgery will cost over \$20,000—for one knee! So, we will go overseas for the surgery. In this economy, I cannot afford to hire additional help and will need to close the shop... this situation has cost me my shop.

SMALL BUSINESS PREFERENCES AMONG COMPETING HEALTH CARE REFORM PROPOSALS



Jim Houser
Hawthorne Auto Clinic, Inc.
Portland, Oregon

My wife and I have been running our auto repair business for 25 years. I love the customer contact, making people happy and solving problems. The costs of health care are quite a challenge, though. We offer health care for all our regular employees and their

families, and the costs way outstrip the coverage we actually receive. The rates keep going up and up, and as a result we don't have as much money available to give good raises to our staff.

Most health insurance companies have so much power. They decide who is covered and who isn't, they determine what qualifies as a preexisting condition and what doesn't, and they can deny coverage for a procedure and you often have to go through a long appeals process. Health insurance companies are making huge profits off of people's ill health: that means money that could be taking care of people is going into the pockets of CEOs and investors.

Health care isn't like auto repair. Things like fixing or buying a car fit fine in the private sector. But essential community services like firefighting, police services, utilities and health care shouldn't be left up to the "free" market. These things should be our government's job to provide for.

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

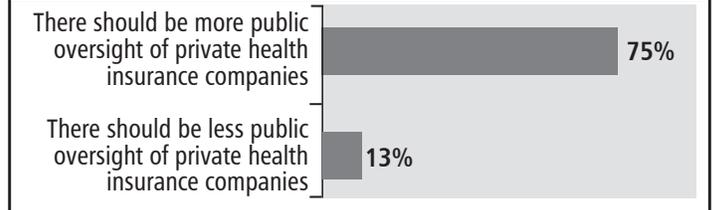
A. There should be less public oversight of health insurance companies. In order to increase competition, companies should be allowed to set premiums without oversight, offer more bare-bones coverage options, deny coverage if someone is deemed too "high risk," and vary prices based on whether a person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

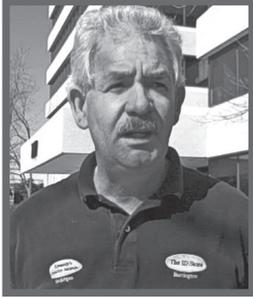
or,

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, 75 percent of respondents chose increased public oversight, compared to 13 percent who selected less public oversight.

SMALL BUSINESS ATTITUDES TOWARD PUBLIC OVERSIGHT OF PRIVATE INSURERS





Daniel Sherry
Kennedy's Creative Awards
Waukegan, Illinois

I am the owner of a family-run engraving business. About three years ago, we received a large order from one of our clients for plastic dog tags. This was a big boon for us. However, in the hysteria of increased production, my wife forgot to pay a health insurance bill and we were dropped from coverage.

After receiving that notification letter, we made the payment and asked the company to reinstate us. They said we had to reapply and be evaluated. That was infuriating. Then, they informed us that my wife and children could get back on the policy, but I couldn't due to a preexisting condition.

I had gone in for a checkup several months prior to all this, and the doctor had found high cholesterol. We decided to treat it naturally as my health had always been very good – I had even run a marathon five years ago. Despite these proactive steps, the insurance company would not allow me back on the plan.

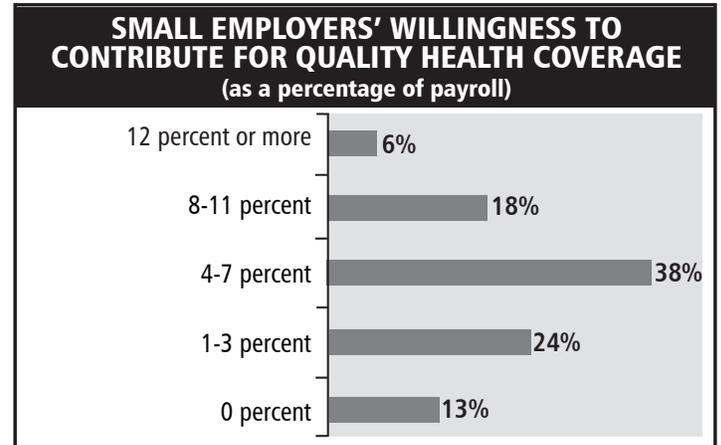
It has been three years now and I feel like a walking time bomb. The way things stand if something happens to me, my wife and children will have to pay the consequences. Our house, business, and cars will all be gone if I am in need of medical care. I am seriously considering divorcing my wife of 21 years and giving her the house and the business so they will not be so at risk. It should not be this way but I don't know how else to protect my family.

Willingness of Small Businesses to Contribute Toward Health Coverage

Overwhelmingly, small business owners expressed a willingness to contribute to quality health coverage for their employees and their families. Sixty-one percent of self-employed respondents expressed interest in being able to buy into a statewide or national health care pool, and 52 percent said they would be willing to contribute four percent or more of their gross income, in place of current health care costs, to guarantee quality health coverage for themselves and their families.

Among small employers, 73 percent of respondents expressed a willingness to contribute financially to achieve quality, affordable health coverage for their employees, with 12 percent unwilling to contribute and 15 percent undecided. Sixty-three 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: 38 percent were willing to contribute four to seven percent of payroll, 18 percent were willing to contribute eight to eleven percent of payroll, and six percent were willing to contribute twelve percent or more.



Rosalyn Redwine
Winning Coiffures
Denver, Colorado

Health care is a big concern of mine as a small business owner. I'm the working owner of Winning Coiffures, a full service hair salon in Denver with six employees. We have no health insurance – not for my employees, and not for me either.

We used to have a health care plan through the business, maybe 10 years ago, but then Aetna pulled out. Since then, the rates have just been going up and up and it's now too expensive to get an affordable plan that meets our needs. Where does that leave us? Going without. There are times when I have delayed and even avoided going to the doctor – when I should have gone but knew I couldn't afford it. My employees have had to do the same.

I'm willing to contribute financially to get decent health coverage for my employees, but I'm not keen on putting more money in the pockets of the private insurance companies. They're out of control; they charge as much as they want, and they can cut and run at anytime, leaving us behind. I think we should have a public plan we can choose instead. I'd pay up to 10 percent of my payroll for something decent for my employees. I want to help my employees get covered and it's the only way I see to get good health care for myself, too.

As small businesses, we can't solve this problem alone. We need government to step up and offer an effective alternative to the same old games the insurance companies play. This is the only way we're going to get control. The health care issue has gone unaddressed for too long and it's time to do something about it.

Small Business Perspectives on the Role of Government in the Health Care System

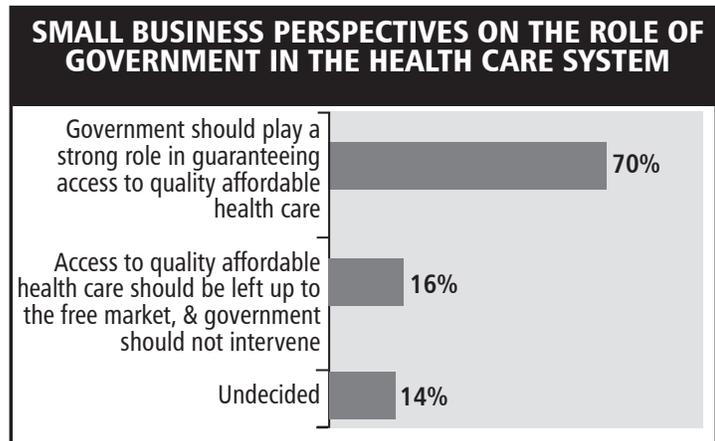
The survey concluded by asking small business owners to share their perspectives about the roles government and the market should play in the country’s health care system. Seventy percent of respondents said they believe government should play a strong role in guaranteeing access to quality, affordable health care, compared to 16 percent who said they believe access to quality, affordable health care should be left up to the free market, and government should not intervene.

When analyzed separately, people of color business owners showed higher levels of support for a strong government role, more public oversight, and a public alternative by margins of 10 percent or more: 82 percent supported a strong role for government, 85 percent supported more public oversight of insurers, and 75 percent preferred a proposal with a public insurance alternative.

CONCLUSION

Small businesses have found themselves at the center of the country’s health insurance troubles. Lacking the bargaining power of large employers, they have watched their premiums increase at a higher rate while receiving less coverage. The difficulties are even greater for self-employed business owners, for whom the individual market is often the only source of private coverage. Without significant reform, small business owners and their employees will continue to be caught in a bind of paying unaffordable premiums and out-of-pocket costs, foregoing needed health care, and falling victim to mounting medical debt.

When thinking about how to improve the health care system, small businesses care about more than just purchasing any health insurance. They want their health insurance to cover necessary services and the associated costs. While they indicate a willingness to contribute, small businesses expect health insurance to deliver real value. Small businesses also believe government should play a stronger role in the health care system, rather than leaving access to affordable, quality health care up to the free market. When compared to market-based approaches, this stronger government role includes both providing a public alternative to private coverage and stepping up meaningful oversight of private insurers. Small business owners are willing to pay their fair share for quality coverage in a system of shared responsibility where government, business and workers all contribute.



“Based on my experience as a small employer, I don’t think we can trust private insurance companies to solve the problems they themselves have created and deliver quality, affordable coverage. We need a strong public alternative, so we’re not held hostage to the industry.”

- *Matt Hisel,*
Home Resource,
Missoula, Montana

“It’s time we made a commitment as a nation. If we choose to solve this crisis together, we can allow small businesses to thrive as well as contribute positively to our communities and our nation’s economy.”

- *Maribel Peralez,*
Lynnwood, Washington

The results of this survey indicate strong support from small business owners for concerted action to address the health insurance crisis. The federal government should enact comprehensive health reform that incorporates the concerns of small businesses. This reform ought to include the following features:

Commitment to Shared Responsibility

Small businesses are willing to contribute to a health care system that delivers quality coverage and in which all participants pay a fair share. Under reform, government, business, and workers should all contribute to make the health care system work.

Adequacy of 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 adequate insurance: coverage that includes necessary services and financial protection.

Affordable, Predictable Costs

Small businesses need affordable avenues to contribute to health care for employees, and for owners themselves. 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 sky-rocketing premiums in the current system.

A Quality Public Health Insurance Option

Numerous health care reform proposals include the creation of a public plan option. According to this survey, small business owners prefer having a quality public option over expanded private options such as bare-bones plans. Health care reform should provide small business owners with this choice.

Strong Oversight of Private Health Insurers

Current state regulatory standards are inadequate for protecting small businesses from the harmful practices, such as preexisting condition rejections and discriminatory rating practices, they frequently encounter in the private health insurance market. Small businesses need stronger oversight of insurers to restore the balance of power and create a more level playing field.

Participating Businesses:

In Maine, 183 small businesses participated in the survey, representing cities such as Portland, Lewiston-Auburn, and Bangor, as well as multiple towns throughout the state. Fifty-five percent were small employers; 45 percent were self-employed business owners.

MAINE SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

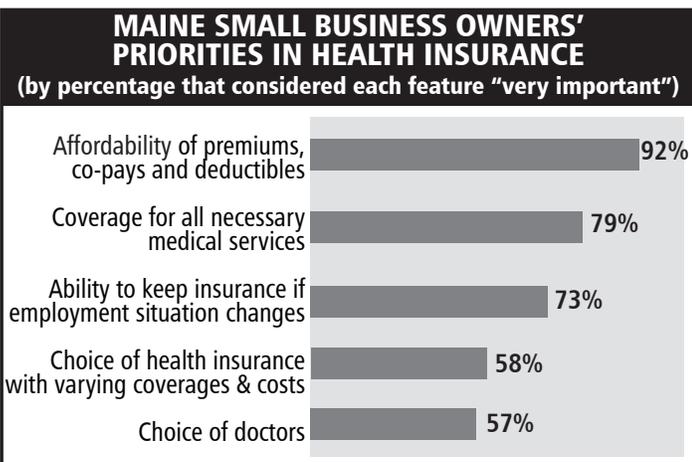
- Among small employers, 39 percent offered coverage to employees and 44 percent had coverage for themselves through their business.
- Of the 80 percent of the self-employed who had health insurance, 42 percent received insurance through an individual or family plan, 29 percent relied on coverage through a spouse’s employer, and 26 percent had public coverage.
- Seventy-eight percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

- In response to premium increases, 79 percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 40 percent reported switching to insurance that covers fewer services.
- Among small employers with coverage, 86 percent estimated they currently pay five to ten percent of payroll or more for health insurance.

Business Impacts:

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



MAINE SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

Between a plan with a public insurance option and expanded private market options, 62 percent of Maine businesses selected the public option plan, compared to 20 percent for the private market expansion.

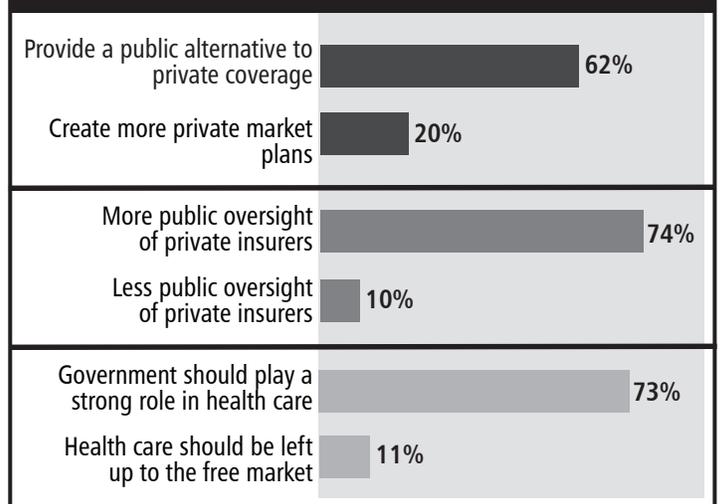
Public Oversight:

Seventy-four percent of Maine respondents said there should be more public oversight of insurers; 10 percent said there should be less.

Role of Government:

Of Maine respondents, 73 percent said government should play a strong role in guaranteeing access to quality, affordable health care; 11 percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.

SUPPORT FOR DIFFERENT APPROACHES TO HEALTH CARE REFORM - MAINE SMALL BUSINESS OWNERS



Greg Goodwin
Portland Dog Wash
South Portland

As a small business owner I realize health care reform is of the utmost importance – not only for quality of life and fairness issues but also to retain quality employees. Our workforce deserves nothing less. Small businesses are the backbone of the Maine economy and poor health care choices should not dictate the decisions we small business owners need to make in order to stay in business. Small business owners and our workforce need health care reform. The Maine economy will be better off because of it.

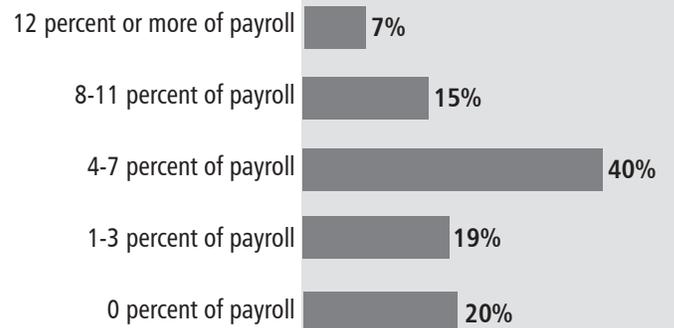
Willingness to Contribute to a System of Shared Responsibility:

- Among Maine small employers, 71 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 62 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and employees.
- Among self-employed entrepreneurs in Maine, 71 percent expressed interest in buying into a statewide or national health care pool; 80 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

Elizabeth Beane, LCSW Independent Social Worker Gorham

As both a provider and consumer of health care, I support a national, public solution to our health care crisis. Faced with continued health insurance premium increases, sole proprietors like me often find ourselves forced to switch to coverage with higher out-of-pocket costs or even drop health insurance entirely.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - MAINE SMALL BUSINESS OWNERS



Randy Eckard Randy Eckard Gallery Blue Hill

Why can't the wealthiest country on the planet find the courage to assure the health care of its people? We always have money for wars and Wall Street bailouts...but what about health care?

I don't want a continuation of unaffordable insurance programs. I want government funded, cradle to grave coverage – at least comparable to that of almost every developed country on the planet.

As a small business owner, I definitely would be willing to pay moderately more in taxes (say, five or six percent of payroll) in order to have full health coverage. I already pay over ten percent of payroll. The excessive lobbying powers of the big pharmaceutical companies and the insurance industry need to be countered before we can have an effective dialogue about offering full coverage. All that is needed is the willingness of the President and Congress to offer what should be considered the most basic human right, funding for the health and well-being of everyone in this country.

Participating Businesses:

In New Jersey, 67 small businesses participated in the survey, representing counties across the state with a majority located in Burlington, Ocean, Union, and Somerset counties. Sixty-three percent were small employers; 37 percent were self-employed business owners.

NEW JERSEY SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

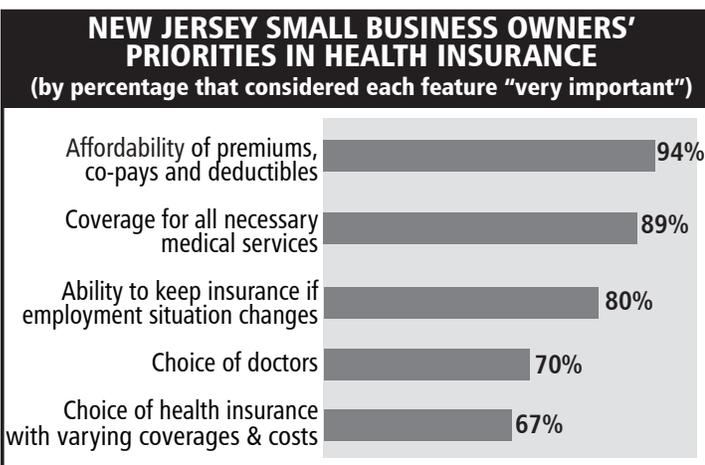
- Among small employers, 53 percent offered coverage to employees and 64 percent had coverage for themselves through their business.
- Of the self-employed, 52 percent had coverage themselves; 54 percent of those with insurance relied on coverage from a spouse's employer.
- Eighty-six percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

- In response to premium increases, 71 percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 39 percent reported switching to insurance that covers fewer services.
- Among small employers with coverage, 92 percent estimated they currently pay five to ten percent or more of payroll for health insurance.

Business Impacts:

- Forty-eight percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Forty-five percent of respondents without health insurance said their business would be more productive if they had coverage for themselves and their employees.



NEW JERSEY SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

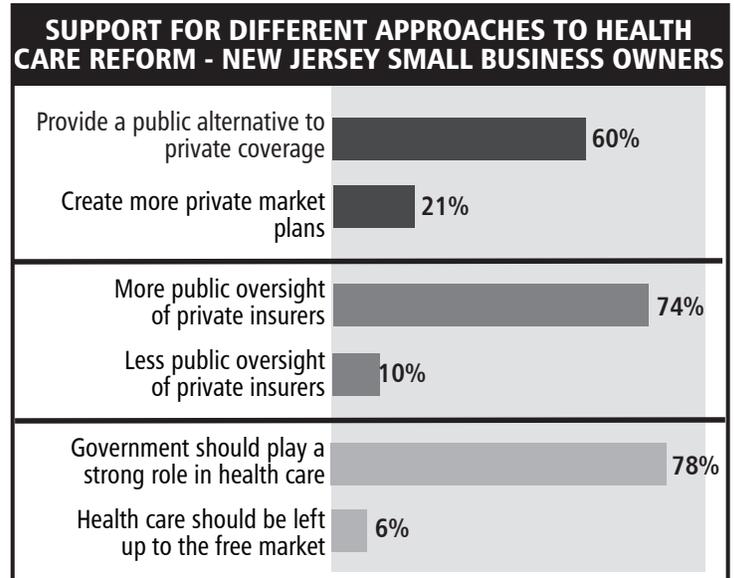
Between a plan with a public insurance option or expanded private market options, 60 percent of New Jersey businesses selected the public option plan, compared to 21 percent for the private market expansion.

Public Oversight:

Seventy-four percent of New Jersey respondents said there should be more public oversight of insurers; 10 percent said there should be less.

Role of Government:

Of New Jersey respondents, 78 percent said government should play a strong role in guaranteeing access to quality, affordable health care; six percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.



Lenin Paredes Hometown Title Insurance Agency Elizabeth

I currently cover health care for myself and two employees. Our premiums went up about 35 percent last year and about 45 percent more this year. This is absolutely affecting my ability to do business. I am unable to hire additional staff or invest in other aspects of the business. At this rate of increase, I worry that I may not be able to provide this benefit to any of my employees.

This really concerns me both as a business owner and as an individual. Health care is a right for every person and I believe my employees deserve great health coverage. I am willing to contribute to my employees' health care, but costs must be made affordable and predictable. We small businesses have enough on our plates - a basic right like health care should not be taking up so much of our time and resources.

Willingness to Contribute to a System of Shared Responsibility:

- Among New Jersey small employers, 71 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 71 percent also indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and employees.
- Among self-employed entrepreneurs in New Jersey, 52 percent expressed interest in buying into a statewide or national health care pool; 33 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

Nancy Critchley Morning Glory Gardens Morris Plains

I have been in business since 1979 and providing health coverage has become increasingly expensive. The rates have gone up 25% each of the last two years. In order to keep the rates affordable I have had to increase co-pays and cut back on benefits. This ultimately affects my bottom line. Every time health care goes up, I am able to offer less to my employees. Less benefits means less retention.

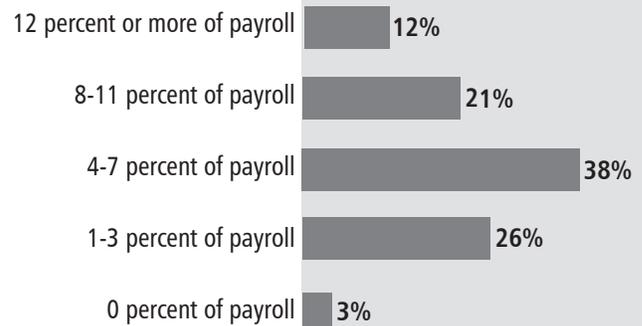
Health care should be available to everybody. As a responsible small business owner with exceptional employees, I am absolutely willing to provide health care but the costs must be stabilized and affordable.



James Campbell Model Vac & Sew Willingboro

It has been over a year since my wife and I have had health insurance - the costs are just too high. Health care has always been a priority for us but when our premium went up \$700 per month we could no longer do it. Our plan now is to just not get sick and wait four more years until we qualify for Medicare.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - NEW JERSEY SMALL BUSINESS OWNERS



Kelly Conklin Foley-Waite Custom Woodworking Bloomfield

Thirty years ago, I founded this architectural woodwork firm with my wife. With our twelve employees, we provide made-to-order cabinets, doors, and interior wood trim for high-end Manhattan residential renovation projects. Our sales for 2007 totaled \$1.5 million. Unfortunately, our dysfunctional health care systems put a tremendous drag on our profitability.

In our field, we're competing for skilled workers in a shrinking pool. To attract skilled personnel and keep our staff healthy and focused, health insurance is critical. It provides a measure of security, both financial and psychological. Access to health care is essential: a sick employee may show up for work but they won't be at the top of their game. So we have to maintain health coverage. However, it comes at a high cost. We spend about \$75,000 (or five percent of our annual sales) on health insurance - it's the third greatest single expense on our balance sheet.

I support the creation of a public pool. A public pool would constitute a group large enough to shift the balance of power and make health insurance affordable for individuals and very small groups. Given our current outlays, savings in this one area would have a big impact on our bottom line, and we could make a substantial contribution to economic recovery.

Participating Businesses:

In New York, 117 small businesses participated in the survey, representing New York City (principally from the boroughs of Brooklyn, Queens and Staten Island). Thirty-three percent were small employers; 67 percent were self-employed business owners.

NEW YORK SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

- Among small employers, 42 percent offered coverage to employees, and 56 percent had coverage for themselves through their business.
- Sixty-one percent of the self-employed had health insurance; 64 percent of those with insurance relied on public coverage.
- Sixty-three percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

- In response to premium increases, four percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 15 percent reported switching to insurance that covers fewer services.

Business Impacts:

- Thirty percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Forty-six percent of respondents said their business would be more productive if they and employees were covered.

private market options, 80 percent of New York businesses selected the public option plan, compared to 17 percent for the private market expansion.

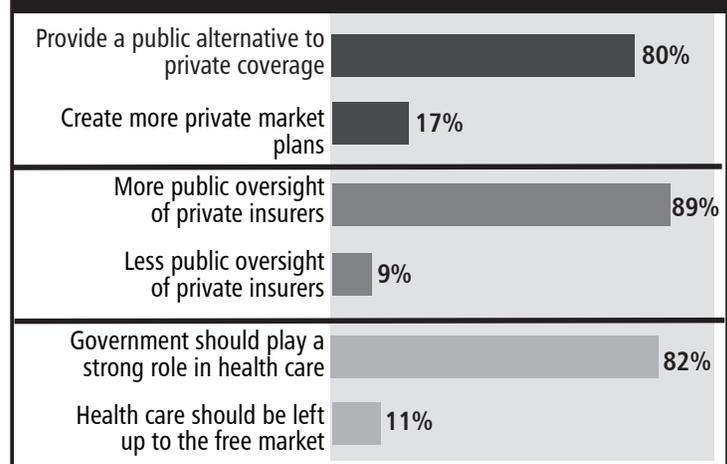
Public Oversight:

Eighty-nine percent of New York respondents said there should be more public oversight of insurers; nine percent said there should be less.

Role of Government:

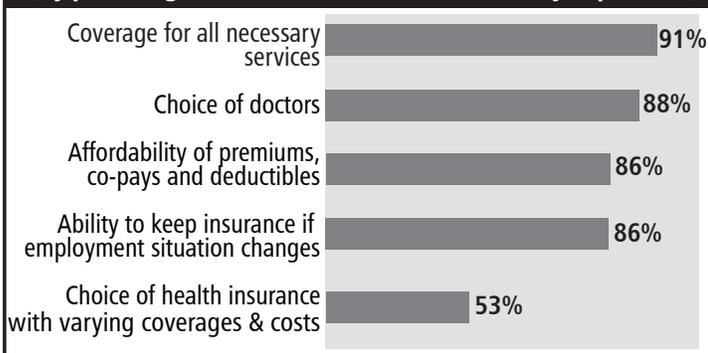
Of New York respondents, 82 percent said government should play a strong role in guaranteeing access to quality, affordable health care; 11 percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.

SUPPORT FOR DIFFERENT APPROACHES TO HEALTH CARE REFORM - NEW YORK SMALL BUSINESS OWNERS



NEW YORK SMALL BUSINESS OWNERS' PRIORITIES IN HEALTH INSURANCE

(by percentage that considered each feature "very important")



NEW YORK SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

Between a plan with a public insurance option or expanded



Carmen Ledesma
La Parisien Salon & Medi-Spa
Woodside, Queens

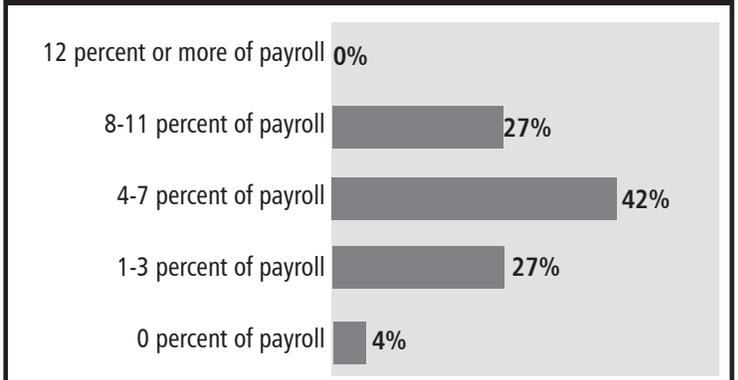
I have owned my business here in Queens for fifteen years. With nine employees, the salon is a growing business and an important gathering place in the community.

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.

Willingness to Contribute to a System of Shared Responsibility:

- Among New York small employers, 67 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 69 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and their employees.
- Among self-employed entrepreneurs in New York, 81 percent expressed interest in buying into a statewide or national health care pool; 10 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - NEW YORK SMALL BUSINESS OWNERS



Modesto Reyes Recuerdos Mexicanos Restaurant Port Richmond, Staten Island

I have no health insurance nor can I offer it to my family or employees. This has caused me great trouble to date. Once, one of my children got

got sick and I had to take him to the doctor. Luckily, nothing was seriously wrong but a few weeks later I received a bill for \$800 in the mail – this nearly made me sick myself. After this incident, I tried to buy health insurance but the monthly premium was almost as much as that hospital bill and it barely covered any of the services we needed.

Now that my business has grown, I would like to be able to offer my employees health insurance at a reasonable cost but I still can't afford to buy a plan. I support comprehensive health care reform and believe the government should regulate the insurance companies. Affordable, quality health care should be available to everyone.

Wendy Whiteside Dandy Auto Port Richmond, Staten Island

I am the owner of Dandy Auto, a business that has been in my family for 50 years. I am proud to provide health insurance coverage to my employees but every year the premiums increase and it's hard to stay on top of it. As a small business owner, it's now difficult to both give employees what they need in terms of health insurance coverage and make a profit.

We need health care reform to help small businesses provide affordable, quality coverage. As it stands, we are all alone in trying to provide health coverage for our employees. Even having a larger group pool would not guarantee us affordable coverage in the long term because health insurance companies can still increase our premiums at high rates. I support extra government regulation of health care companies and believe that everyone, including immigrants, should be included in health care reform because we all need quality health care coverage.

Participating Businesses:

In Rhode Island, 96 small businesses participated in the survey, representing Central Falls, Cranston, East Greenwich, Newport, Providence, Wickford, and Woonsocket. Forty percent were small employers; 60 percent were self-employed business owners.

RHODE ISLAND SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

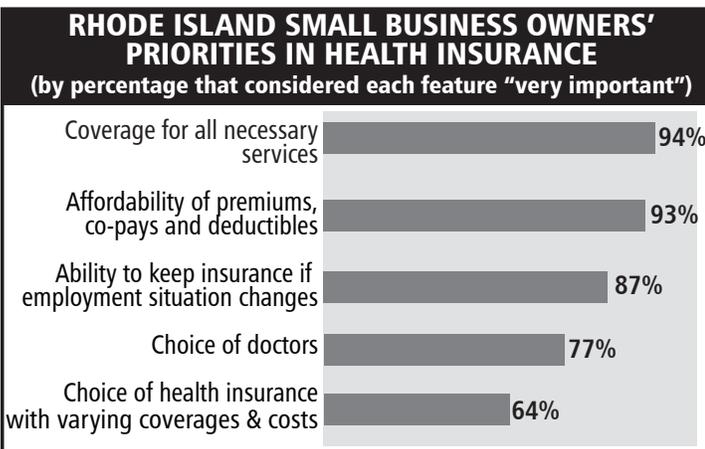
- Among small employers, 61 percent offered coverage to employees, and 86 percent had coverage for themselves through their business.
- Of the self-employed, 78 percent had health insurance themselves; 26 percent of that group relied on coverage from a spouse's employer.
- Eighty-one percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

- In response to premium increases, 43 percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 11 percent reported switching to insurance that covers fewer services.
- Among small employers with coverage, 95 percent estimated they currently pay five to ten percent or more of payroll for health insurance.

Business Impacts:

- Thirty-nine percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Twenty-one percent of respondents said their business would be more productive if they and employees were covered.



RHODE ISLAND SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

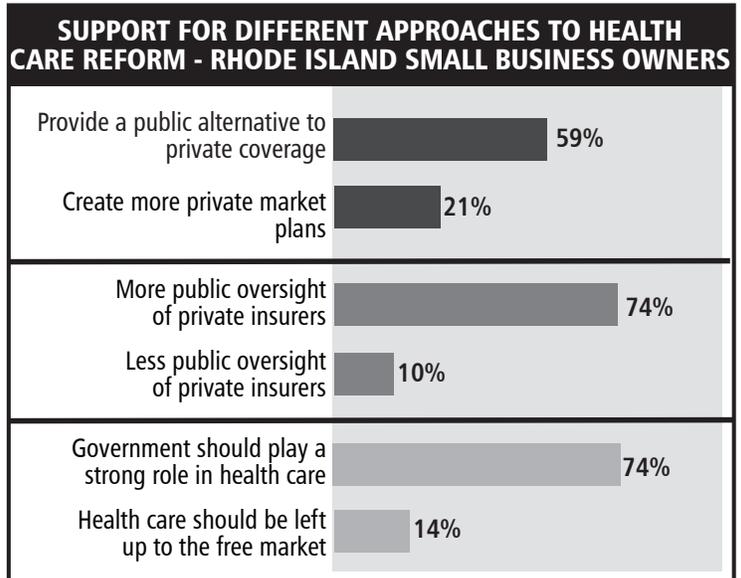
Between a plan with a public insurance option or expanded private market options, 59 percent of Rhode Island businesses selected the public option plan, compared to 21 percent for the private market expansion.

Public Oversight:

Seventy-four percent of Rhode Island respondents said there should be more public oversight of insurers; 10 percent said there should be less.

Role of Government:

Of Rhode Island respondents, 74 percent said government should play a strong role in guaranteeing access to quality, affordable health care; 14 percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.



Willingness to Contribute to a System of Shared Responsibility:

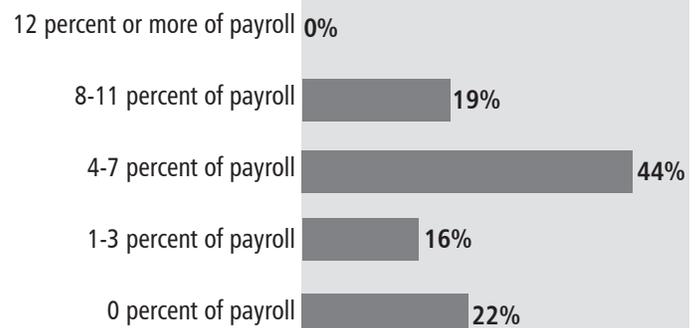
- Among Rhode Island small employers, 61 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 63 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and their employees.
- Among self-employed entrepreneurs in Rhode Island, 45 percent expressed interest in buying into a state-wide or national health care pool; 57 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

Sylvia Wedge Beach Party Newport

My business is a family business. Overall, I feel fortunate that I've got health care for myself through Medicare, and my daughter who works with me full-time is covered on her husband's insurance. But my other daughter, who works part-time with me, is uninsured. She has a full-time job too, but the insurance there would cost \$500 a month and that's for a \$5,000 deductible. She used to pay for that insurance, with United HealthCare. Then, when she had to have ganglion cysts removed from both hands and the cost of the operations was \$4,950, the insurance didn't cover a single penny of it. So she quit the insurance. Now she's 54 years old and uninsured, and even though she works for me, I can't do anything to help.

I don't think it makes sense to pay for health insurance that covers nothing. We should cut out the insurance companies, cut out the middle men, and find a way to self-insure. When I was director of operations for the largest health and beauty aid wholesaler in the East, with 800 insured employees, that's what we did. And we managed it successfully for 25 years. The insurance companies are just skimming profits off the top, taking our money to build their big fancy buildings. Small businesses would be much better served with a non-profit self-funded program.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - RHODE ISLAND SMALL BUSINESS OWNERS



Ted Almon The Clafin Company Warwick

I own a distribution company that provides supplies to hospitals across the Northeast. Our business is one of the oldest companies in the state (operating since 1817). I've been the owner since 1976, going on 33 years, and we employ 152 people.

I like the entrepreneurial independence of running my own business. I've been active in the health reform debate for over 20 years, and even testified before Congress in the early nineties. I came at it from two angles: first, the escalating costs were a big concern to small business people even then; second, since our customers are health providers, I was concerned about delivery system problems I saw disadvantaging both patients and providers.

I no longer have confidence that our current employer-based private insurance system can be fixed. Especially for small businesses – with the volatility of rate increases, the headaches of administration, the back and forth with insurance companies over claims – small businesses have no faith that this system will ever work for us. The consensus is growing that we need an alternative. When there's a public option that can compete with the private market (like Medicare), it competes effectively and that will translate to growing enrollment, a large pool, and real bargaining power and economies of scale – exactly what small businesses don't get right now.

Small businesses are willing to pitch in. We already pay so much, well over 10 percent of payroll for businesses my size and I'm sure even more for many smaller businesses, for often inadequate coverage. So yes, we'll put in our fair share for a solution that truly works for us and our employees.

Participating Businesses:

In Illinois, 97 small businesses participated in the survey, representing cities and towns across Northern Illinois, including Aurora, Elgin, Joliet, Ottawa, Schaumburg, and Waukegan. Sixty-nine percent were small employers; 31 percent were self-employed business owners.

ILLINOIS SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

- Among small employers, only 34 percent offered coverage to employees, and only 39 percent had coverage for themselves through their business.
- About 90 percent of the self-employed had health insurance for themselves, through one of a number of sources: 64 percent of those with coverage got it through the individual market, and 25 percent relied on coverage from a spouse's employer.
- Sixty-three percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

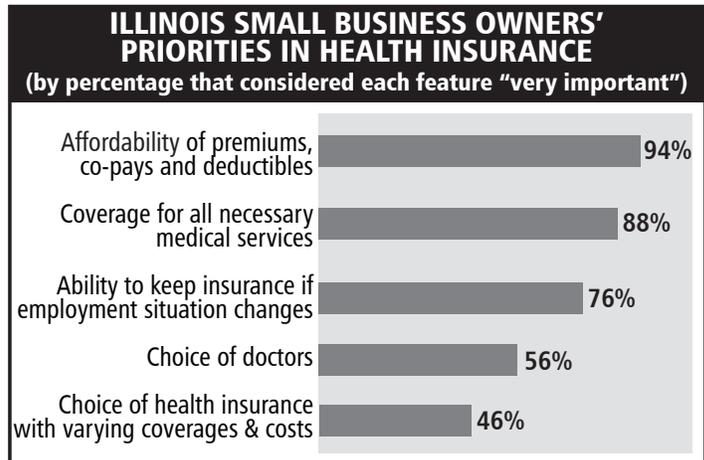
- In response to premium increases, sixty-seven percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 30 percent reported switching to insurance that covers fewer services.

Business Impacts:

- Forty-six percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Thirty-eight percent of respondents without health insurance said their business would be more productive if they and employees were covered.

Cindy Moylan IDEA Design Libertyville

My husband, Steve, and I own a cabinetry and kitchen design business. In recent years, Steve has had a retina problem. His retina detached several times last year. Mainly because of this issue, our insurance premiums are getting out of control. We have two individual policies. Together, our premiums increased from \$1,580 per month to \$2,000 per month this year. That is for policies with



ILLINOIS SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

Between a plan with a public insurance option or expanded private market options, 56 percent of Illinois businesses selected the public option plan, compared to 24 percent who selected expanded private market options.

Public Oversight:

Eighty percent of Illinois respondents said there should be more public oversight of insurers; eight percent said there should be less.

Role of Government:

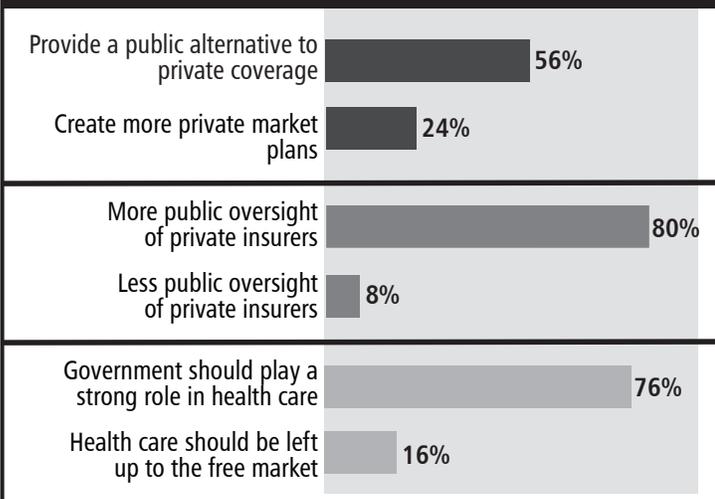
Of Illinois respondents, 76 percent said government should play a strong role in guaranteeing access to quality, affordable health care; 16 percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.

\$1,000 deductibles per person and no dental or vision benefits. With deductibles, we pay about \$26,000 per year on health care. I'd like to be able to shop around for better prices, but fear that my husband's condition will be treated as a pre-existing condition. I am very concerned about being able to afford coverage for my family in the future.

Willingness to Contribute to a System of Shared Responsibility:

- Among Illinois small employers, 83 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 84 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and employees.
- Among self-employed entrepreneurs in Illinois, 52 percent expressed interest in buying into a statewide or national health care pool; 74 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

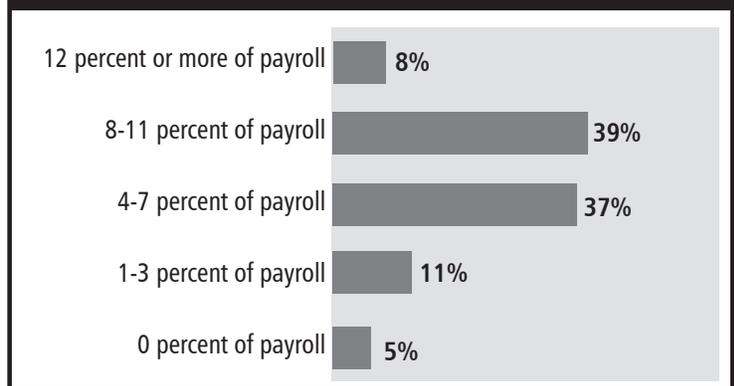
SUPPORT FOR DIFFERENT APPROACHES TO HEALTH CARE REFORM - ILLINOIS SMALL BUSINESS OWNERS



Lauren Miller
Geneva Shoe Repair
Geneva

I had recently enrolled in a new insurance plan and had also lost some weight. After four months on the plan, I went to the doctor and found I had gained the weight back. When the insurance company heard they decided to raise my monthly premium by over 40 percent. They claimed I had lied on my application. It didn't matter to them that I don't have any health issues related to weight – no high blood pressure, no high cholesterol, no diabetes – or that they said nothing about my weight being a condition of coverage. It's ridiculous – I had no reason to lie on the application. Ultimately, I was forced to look elsewhere for health insurance. I'm glad I was able to obtain other coverage, but insurance companies shouldn't be allowed to treat people that way.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - ILLINOIS SMALL BUSINESS OWNERS



Sergio De Los Santos **Sergio's Cantina** **Geneva**

We opened Sergio's Cantina more than a year ago. We had a great first summer, but business dropped off considerably this year. I've talked to some of the other restaurant owners in town and they're going through the same downturn.

My financial situation makes it impossible for me to cover health insurance premiums for my employees. The plans that I have priced cost hundreds of dollars a month per employee. The restaurant is just getting going, so most of that money would have to come from the employees themselves. They are struggling as it is. Less business means fewer hours, and less tip money. Many already work two jobs to support their families. It's a domino effect, and the workers at the bottom get hit the hardest. When I ask them if they want to join a group insurance policy for several hundred dollars a month, I know what they are going to say. They just can't afford it.

I would love to offer health benefits. Employees make or break a restaurant, so when you find good people, you want to keep them. Recently, I've had several single moms that work here cut their hours. They took on part-time jobs elsewhere to get health insurance. The system isn't working for anyone – owners or employees. The government needs to step in.

Participating Businesses:

In Iowa, 90 small businesses participated in the survey, representing Des Moines, Marshalltown, Mason City, Cedar Rapids, and many smaller towns. Forty eight percent of participating businesses were small employers; 52 percent were self-employed business owners.

IOWA SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

- Among small employers, only 16 percent offered coverage to employees, and only 26 percent had coverage for themselves through their business.
- Eighty percent of the self-employed had health insurance themselves; 63 percent of those with insurance relied on coverage from a spouse's employer.
- Ninety-six percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

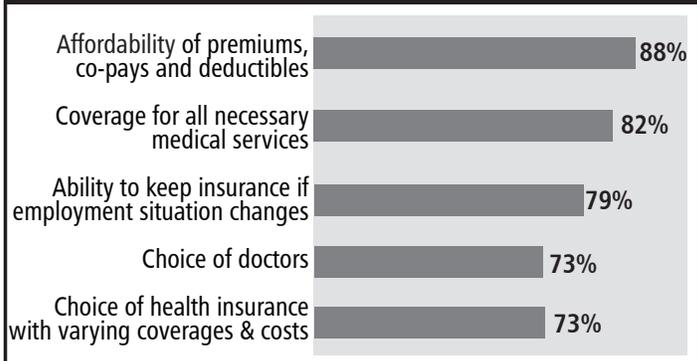
Response to Premium Hikes:

- In response to premium increases, 43 percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 38 percent reported switching to insurance that covers fewer services.

Business Impacts:

- Forty-two percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Forty-six percent of respondents said their business would be more productive if they and employees were covered.

IOWA SMALL BUSINESS OWNERS' PRIORITIES IN HEALTH INSURANCE
(by percentage that considered each feature "very important")



IOWA SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

Between a plan with a public insurance option or expanded private market options, 52 percent of Iowa businesses selected the public option plan, compared to 34 percent for the private market expansion.

Public Oversight:

Sixty-four percent of Iowa respondents said there should be more public oversight of insurers; 20 percent said there should be less.

Role of Government:

Of Iowa respondents, 76 percent said government should play a strong role in guaranteeing access to quality, affordable health care; 18 percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.



Chris Petersen
Family Farmer
Clear Lake

My wife and I have been farming since 1974. We raise free range hogs and hay, and as farmers we have to purchase own health insurance. In 2006, my wife and I switched to what we believed was a better health insurance company.

I had a hernia, and went to the doctor to have it operated on. Prior to the operation, the hospital obtained pre-approval from the insurance company, which they documented. After the operation, I started to receive bills in the mail. The bills turned into letters from collection agencies. Each time I receive a bill or letter I called my insurance agent who continued to reassure me that my insurance would cover it, but that sometimes it takes a little time for them to pay. Then I

received a letter from the insurance company notifying me that I had been dropped and that I was now responsible for the more than \$8,000 in medical bills.

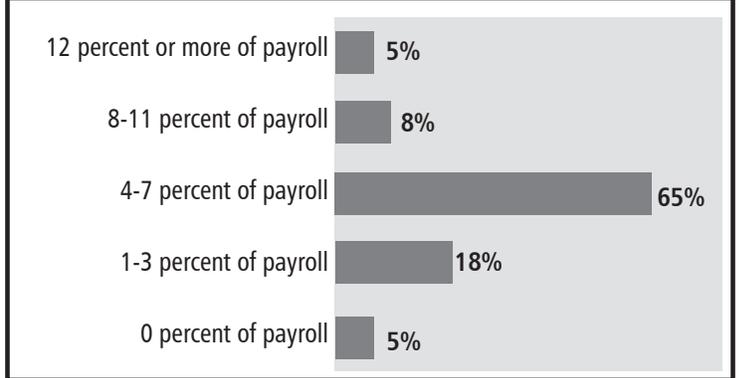
About this time my wife received the same letter informing her that she had also been dropped. They claimed she was "falsifying" her medical records. Over the course of more than ten years there was a 15 pound change in her weight and a one inch difference in her height. They used this excuse to deny her coverage and left her with over \$4,000 in outstanding medical debt from medical attention she received regarding her heart.

Since we were both dropped from our insurance company, we are now considered "uninsurable." The only coverage we could qualify for is Iowa's high risk insurance pool. We pay over \$1,300 a month for a policy that hardly covers anything and still has a \$1,000 deductible. With the economy going south and the farm markets looking tough again this year, we don't know how we will be able to continue to afford it much longer.

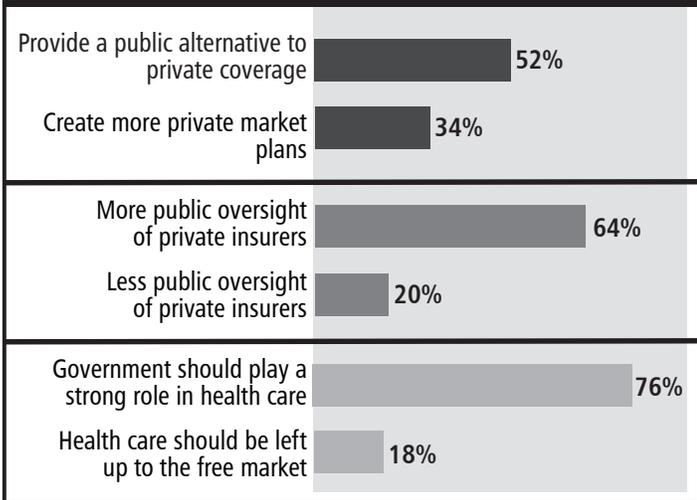
Willingness to Contribute to a System of Shared Responsibility:

- Among Iowa small employers, 83 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 78 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and employees.
- Among self-employed entrepreneurs in Iowa, 74 percent expressed interest in buying into a statewide or national health care pool; 55 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - IOWA SMALL BUSINESS OWNERS



SUPPORT FOR DIFFERENT APPROACHES TO HEALTH CARE REFORM - IOWA SMALL BUSINESS OWNERS



Abdelaziz Abdelharim
Forest Mart Grocery
Des Moines

I have owned my grocery store in Des Moines for eight months. I moved to Des Moines as a refugee from Sudan four years ago. I started my store to serve the needs of the growing Sudanese refugee population here in Des Moines.

I am the sole owner of the business, and I can't afford any health insurance – not for myself and not for my family. Because I don't have insurance, I have had to depend on the emergency room at Broadlawns, the county hospital, to get health care.

I would like to get health insurance, but as a small business owner it is just impossible. Small businesses, and especially self-employed business owners, get charged so much by the insurance companies. And we have no bargaining power and no real alternatives, so we have no choice but to take or leave what the insurance companies tell us to pay.

So many people in my community go without health insurance, it seems to me it's become a luxury reserved for the rich. The promise of America is a land of opportunity. That's why I started my business – for an opportunity for a better future. But with health care, the only opportunities we have as small businesses are to go broke paying for health insurance, or go without it and risk bankruptcy when something goes wrong.

Participating Businesses:

In Idaho, 133 small businesses participated in the survey, representing Boise, Meridian, Eagle, Nampa, Grangeville, Twin Falls, Idaho Falls, and numerous smaller towns. Fifty-four percent of respondents were small employers; 46 percent were self-employed business owners.

IDAHO SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

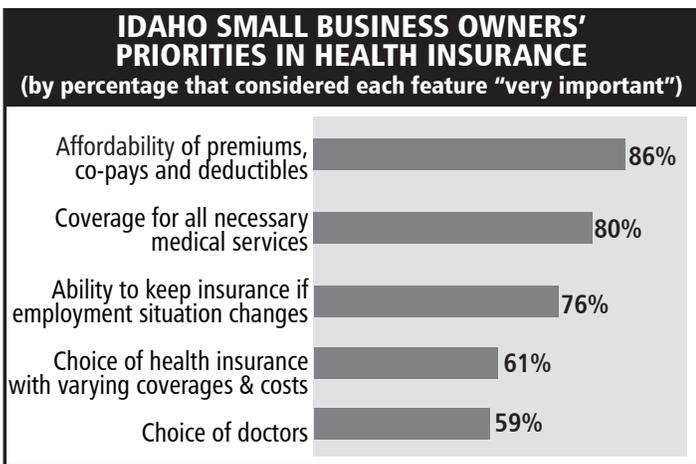
- Among small employers, only 29 percent offered coverage to employees, and only 49 percent had coverage for themselves through their business.
- While 65 percent of the self-employed had health insurance themselves, 28 percent of respondents in that group relied on coverage from a spouse’s employer, and 22 percent on public coverage.
- Sixty-eight percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

- In response to premium increases, 53 percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 40 percent reported switching to insurance that covers fewer services.

Business Impacts:

- Forty-seven percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Forty-one percent of respondents without health insurance said their business would be more productive if they and employees were covered.



IDAHO SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

Between a plan with a public insurance option or expanded private market options, 50 percent of Idaho businesses selected the public option plan, compared to 41 percent who selected expanded private market options.

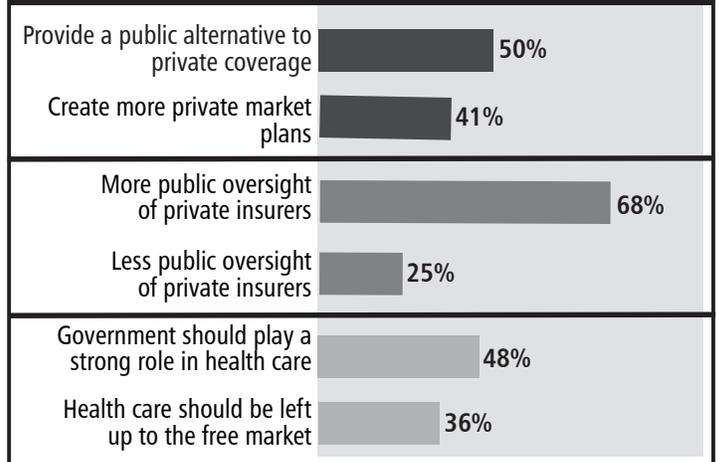
Public Oversight:

Sixty-eight percent of Idaho respondents said there should be more public oversight of insurers; 25 percent said there should be less.

Role of Government:

Of Idaho respondents, 48 percent said government should play a strong role in guaranteeing access to quality, affordable health care; 36 percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.

SUPPORT FOR DIFFERENT APPROACHES TO HEALTH CARE REFORM - IDAHO SMALL BUSINESS OWNERS



Monica Bremmer
Tango’s Subs & Empanadas
Boise

My husband and I started our empanada and sub business here in Boise a couple years ago. It has been a dream for us. But the health care side of being a small business owner is more like a nightmare.

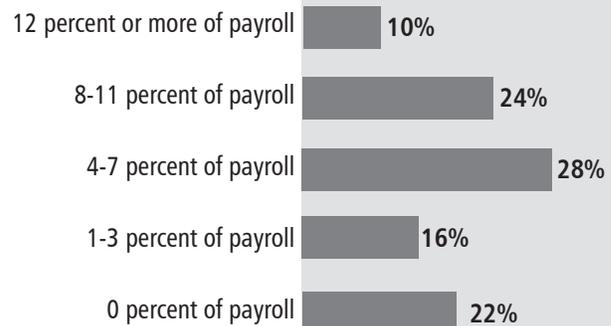
I don't have any health insurance – I can't afford it. I looked into it and found out it would cost me almost \$1,000 a month for a family plan. This is a big worry for me. Who knows what could happen? Any bad illness or health emergency could cause us to lose our business. I know people who have lost everything this way.

It's a very sad situation in this country that we have this health insurance crisis hanging over us. I would like to see more control over the rates, and a system where people pay on a sliding scale. Without this, my business and all small businesses will continue to be left vulnerable, one illness or emergency away from the edge.

Willingness to Contribute to a System of Shared Responsibility:

- Among Idaho small employers, 66 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 62 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and employees.
- Among self-employed entrepreneurs in Idaho, 38 percent expressed interest in buying into a statewide or national health care pool; 50 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - IDAHO SMALL BUSINESS OWNERS



Tim Sigler
Kuna Auto Repair
Kuna

I've been a mechanic for 27 years. I've owned my shop here in Kuna for six years and employ three people. My family gets health insurance through my wife's employer, but I can't get it for my staff. This is a serious

problem for my business. I looked into coverage, but it was going to cost more than our gross income could support.

I would love to be able to offer insurance for my employees. Right now I have to hire them as contractors because I can't do it any other way, and that means they're not getting the security they need and deserve. If I could offer benefits, I think employees would stay with me longer. And even though I'd like to expand and add workers, I just can't do it because of the expense.

Something has to be done with the insurance problem. Working with the insurance companies is a nightmare – more complicated than working on any car I've ever seen. Something has to be done.



Wendy Somerset
Cain's Furniture
Twin Falls

Before I went into business for myself, I worked in the health care industry as a human resources manager for 19 years. I've worked for big corporations and small companies, seen the health care issue from all angles, and I can say for

sure that this is a crisis. No one can afford good quality insurance – especially not small businesses. We're barely making ends meet, and we keep finding ourselves between a rock and a hard place when the insurance companies roll out their annual rate hikes.

We currently pay 70 percent of the roughly \$300 per employee monthly premium in my business. Even switching to a higher deductible of \$2,500, we still saw our premiums increase by \$100 per employee per month. This is a serious concern for me. The cost of health insurance for our employees is eating up more and more of our budget every year. I can see a time soon when health care will be 25 percent of our total budget.

If we drop our health insurance, we're likely to lose valued employees. That's why I think there should be a national plan that we could all jump in on – it would give small businesses the chance we need to go on creating jobs and providing needed services to our communities.

Participating Businesses:

In Montana, 72 small businesses participated in the survey, representing Helena, Bozeman, Belgrade, Townsend, Hamilton, Great Falls, Billings, and smaller towns. Seventy-six percent were small employers; 24 percent were self-employed business owners.

MONTANA SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

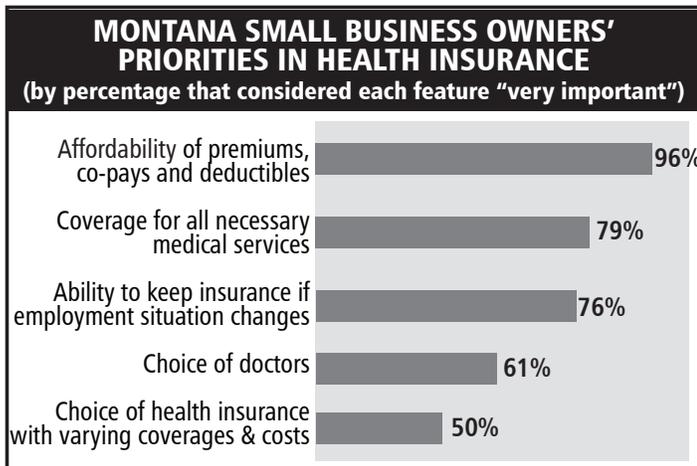
- Among small employers, only 26 percent offered coverage to employees, and only 27 percent had coverage for themselves through their business.
- Seventy-five percent of the self-employed had health insurance themselves; of that group, 38 percent bought insurance on the individual market, while a combined 46 percent relied on a spouse's employer, second job, or public insurance for coverage.
- Eighty-three percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

- In response to premium increases, 67 percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 50 percent reported switching to insurance that covers fewer services.

Business Impacts:

- Sixty-two percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Forty-one percent of respondents without health insurance said their business would be more productive if they and employees were covered.



MONTANA SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

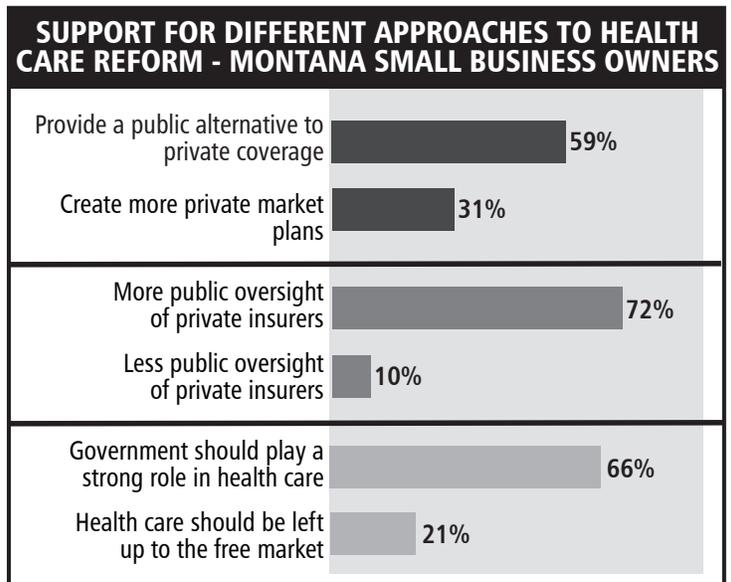
Between a plan with a public insurance option or expanded private market options, 59 percent of Montana businesses selected the public option plan, compared to 31 percent who selected expanded private market options.

Public Oversight:

Seventy-two percent of Montana respondents said there should be more public oversight of insurers; 10 percent said there should be less.

Role of Government:

Of Montana respondents, 66 percent said government should play a strong role in guaranteeing access to quality, affordable health care; 21 percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.



Jennifer Rockne
American Independent Business Alliance
Bozeman

I talk with dozens of small business owners every month, and I know health care costs are a major impediment to their stability and ability to hire new employees. Especially with the recession deepening, we should allow entrepreneurs to focus on operating their business and sustaining jobs, rather than draining their time and energy dealing with insurance companies.

Willingness to Contribute to a System of Shared Responsibility:

- Among Montana small employers, 80 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 63 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and employees.
- Among self-employed entrepreneurs in Montana, 71 percent expressed interest in buying into a statewide or national health care pool; 62 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

Beth Trosello Polson Pet and Seed Company Polson

I've run my own company supplying seed and pet products to the community of Polson for the past five years.

I purchase health insurance for my daughter and myself through the state-sponsored Insure Montana program. I'm happy with the program overall, but it doesn't come cheap. I pay \$300 a month for just my daughter and me - with a \$1,000 deductible - but it's so much better than going it alone with a high-deductible bare-bones plan. I learned that the hard way.*

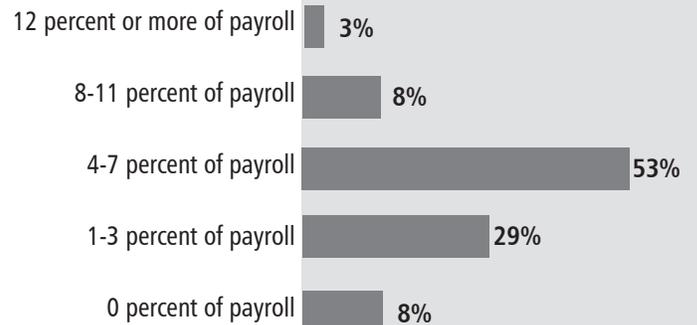
Three years ago, when my daughter was 14, she started having some strange symptoms and had to go through extensive testing for a possible brain tumor. The tests went on and on - an MRI, a CAT scan, a consultation with a brain surgeon. Things turned out okay, but I was left with \$9,000 in bills. My private insurance plan had a \$10,000 deductible, so I had to pay every penny of those bills. So much for "insurance." But when you're talking about what could be a brain tumor and your child's health, you do whatever it takes.

Making a shared commitment to quality, affordable health care should be our number one priority as a country. Insure Montana is a good program, but it's not enough - it's at full capacity and new applicants face a lengthy wait.

Drive north a couple hours north across the border from here and health care for all is an unspoken promise. Wouldn't we be better off if we could make a similar promise here in Montana and across America, and live up to it? Small businesses like mine certainly would.

* The Insure Montana program is designed to assist small businesses with the cost of health insurance through a purchasing pool and tax credits. Both components of the program were at full capacity and adding applicants to a waiting list as of December 2008. Additional funding has been requested and will be decided by the Montana legislature in 2009. ¹⁶

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - MONTANA SMALL BUSINESS OWNERS



Robert McMurray
Pierce McMurray Systems
Butte

In January of 2002 I was doing well as a self-employed carpenter when I took a nasty fall on the job. I fractured three vertebrae after landing on my tailbone from a twelve foot drop. I was grateful I'd protected myself by investing in health insurance several months earlier, or so I thought.

The day of my accident, my wife opened the mail to find a letter from our insurance company. After cashing my first payment check in August, they were unilaterally terminating the policy without notice. They proceeded to drop me in the middle of treatment, refusing to pay for spinal injections I needed to control the pain.

We took a complaint to the state insurance commissioner and they directed the company to pay, but we still had to fight to get them to cover even a portion of my medical bills. The ordeal left us deeply in debt. We almost lost everything we had, including our house. We did lose two vehicles. When I tried to get a new insurance policy, I was denied due to my preexisting injury. I ended up losing my disability insurance also.

To make things worse, my wife Debra shattered her leg in a fall in 2007. Lacking insurance, we went to the cheapest available medical facility, where medical mistakes made things worse. Debra has now had three operations and remains in a wheelchair today. A fourth operation may be necessary, but how do we pay for it?

Debra and I now operate a retail shop in downtown Butte, but it's a tough go, so I also started another business cleaning fleet vehicles for several companies around the region. I still experience substantial pain from my accident. By the time I get home some days, I can hardly walk.

Participating Businesses:

In Oregon, 84 small businesses participated in the survey, representing Ashland, Corvallis, Grants Pass, Medford, Portland, and other towns. Seventy-six percent were small employers; 24 percent were self-employed business owners.

OREGON SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

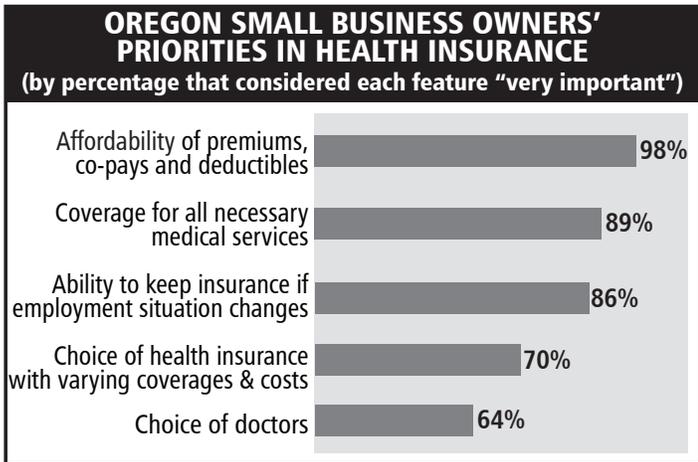
- Among small employers, only 29 percent offered coverage to employees, and only 40 percent had coverage for themselves through their business.
- Sixty-five percent of the self-employed had health insurance for themselves; of that group, half (50 percent) bought insurance on the individual market and 43 percent relied on a spouse's employer.
- Sixty-nine percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

- In response to premium increases, 57 percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 57 percent also reported switching to insurance that covers fewer services.

Business Impacts:

- Fifty-two percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Sixty-three percent of respondents without health insurance said their business would be more productive if they and employees were covered.



OREGON SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

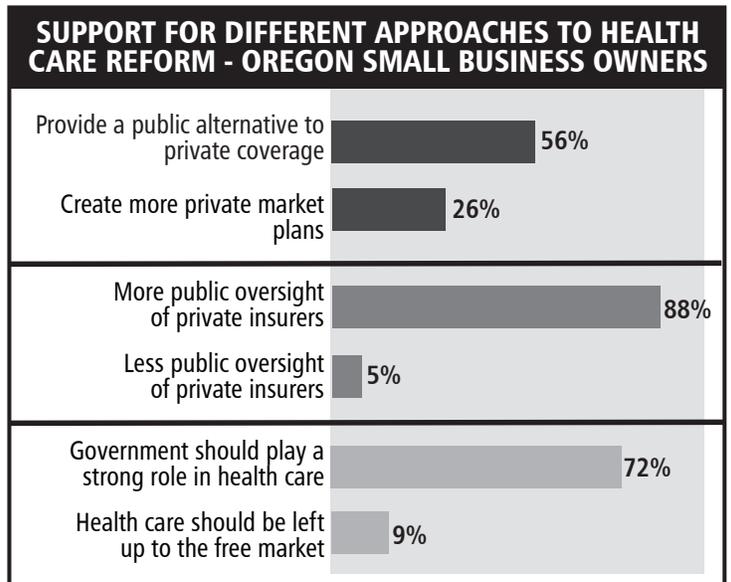
Between a plan with a public insurance option or expanded private market options, 56 percent of Oregon businesses selected the public option plan, compared to 26 percent who selected expanded private market options.

Public Oversight:

Eighty-eight percent of Oregon respondents said there should be more public oversight of insurers; five percent said there should be less.

Role of Government:

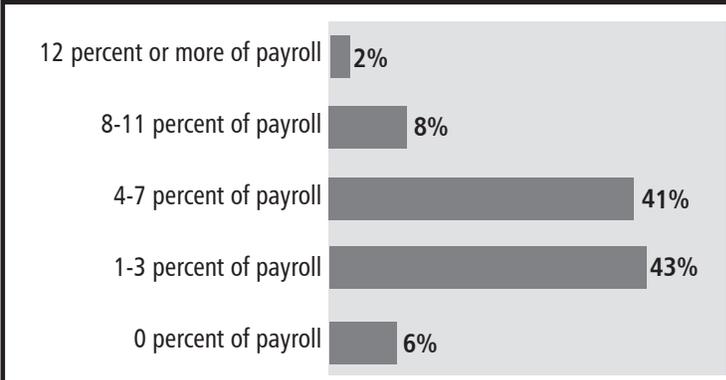
Of Oregon respondents, 72 percent said government should play a strong role in guaranteeing access to quality, affordable health care; nine percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.



Willingness to Contribute to a System of Shared Responsibility:

- Among Oregon small employers, 81 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 51 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and employees.
- Among self-employed entrepreneurs in Oregon, 52 percent of respondents expressed interest in buying into a statewide or national health care pool; 61 percent of respondents said they would be willing to contribute four to seven percent or more of their gross income for health care.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - OREGON SMALL BUSINESS OWNERS



Tamara Tolbert Little Angels Daycare Portland

I've been running a daycare here in Portland since 2005. It's great – I really love what I do! I like being able to have the final say on what I believe is best for the children in my care. I get to make the rules and run the business in the way I see as most effective. But not being able to afford health care for myself and my employees is a huge problem.

I've looked at insurance plans, but I've found that for the services offered, the out-of-pocket costs are just too high for me to make it work. So I'm going without insurance, and most of my employees are, too. There've been times when some of my employees have gotten sick or needed medication and they couldn't afford it, so the rest of us pitched in money until they had enough to afford a prescription or a doctor visit. It's great that we're like a family in this way, but it shouldn't have to be like that.

There are so many small businesses who can't afford health care right now. It seems like we aren't recognized as important. I'm happy to pay my fair share so my employees can get good health care. But right now the health insurance companies just have too much power. Government needs to play a stronger role because right now, nothing is being done and businesses like mine are suffering.



Paige Shumway Pegasus Frame Studio & Gallery Corvallis

My father has owned this business for over 25 years; I've been an owner for six. It's great running a small business – you can define your own mission statement and then stick to it. You don't ever have to forfeit the integrity of the operation or compromise your values and purpose.

But there are a lot of costs in running a small business, and health care – either paying for it, or going without – is a big one. Private health plans don't give us any good options, so I'm uninsured and so are my kids. My husband worked for Hewlett-Packard for ten years but was recently laid off. He was offered COBRA but it costs too much.

We need a health care system that works for small business families like mine. Right now the insurance companies have all the authority to decide what can be covered. Whether we need health care or not should be decided by a doctor, not by an insurance company. If we leave health care up to the free market, profit ends up being the most important aspect.

As a small, family owned and operated business, I don't mind paying taxes or a fee as long as I can get real service and value. I'd like to see a health care system that covers everyone – where you won't lose your health care if you lose or change your job. We've got to do something. Our health care mess is discouraging would-be entrepreneurs from going into business, and that's not good for the future of this community, or our country.

Participating Businesses:

In Washington, 207 small businesses participated in the survey. Most were from locales in eastern Washington, including Spokane, Walla Walla, and the Tri-Cities; some were from Seattle, Tacoma, and surrounding areas. Fifty-seven percent were small employers; 43 percent were self-employed business owners.

WASHINGTON SMALL BUSINESS EXPERIENCES WITH PRIVATE HEALTH INSURANCE

Insured Rates:

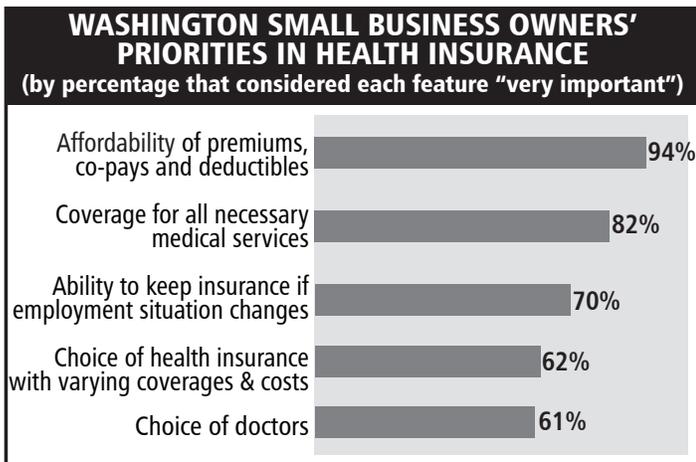
- Among small employers, only 27 percent offered coverage to employees and 34 percent had coverage for themselves through their business.
- Sixty-two percent of the self-employed had health insurance themselves; 22 percent of those with insurance relied on coverage from a spouse's employer.
- Seventy-nine percent of respondents with current or recent coverage thought it would be a major challenge to obtain health insurance for themselves and their employees in the future.

Response to Premium Hikes:

- In response to premium increases, sixty-six percent of businesses with current or recent coverage reported switching to insurance with higher out-of-pocket costs and 45 percent reported switching to insurance that covers fewer services.
- Among small employers with coverage, 81 percent estimated they currently pay five to ten percent or more of payroll for health insurance.

Business Impacts:

- Fifty-eight percent of respondents said they or their employees had delayed or avoided treatment because of health care or health insurance costs.
- Fifty percent of respondents without health insurance said their business would be more productive if they and employees were covered.



WASHINGTON SMALL BUSINESS PERSPECTIVES ON HEALTH REFORM

Public Alternative vs. Private Market Expansion:

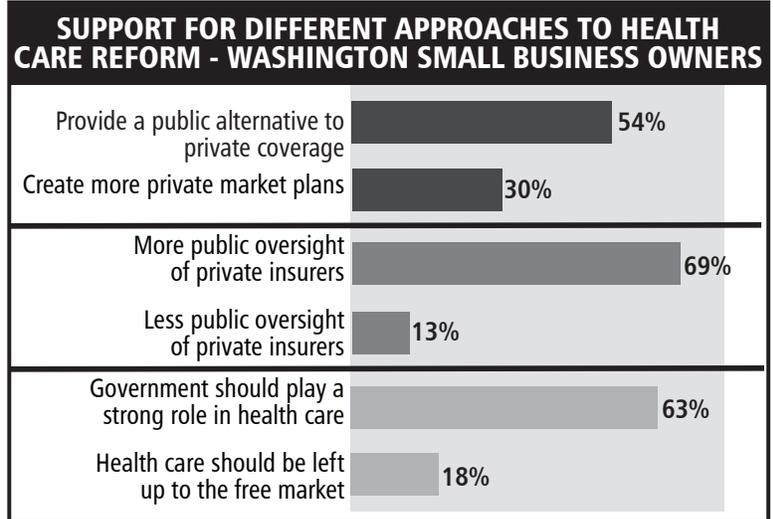
Between a plan with a public insurance option or expanded private market options, 54 percent of Washington businesses selected the public option plan, compared to 30 percent for the private market expansion.

Public Oversight:

Sixty-nine percent of Washington respondents said there should be more public oversight of insurers; 13 percent said there should be less.

Role of Government:

Of Washington respondents, 63 percent said they believe government should play a strong role in guaranteeing access to quality, affordable health care; 18 percent said access to quality, affordable health care should be left up to the free market, and government should not intervene.



**Vince Duong
Tan Dinh Deli
Seattle**

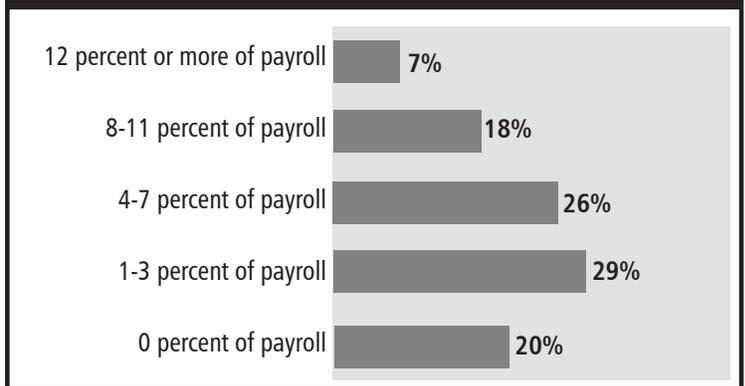
We are a successful business but we do not have health insurance. It's too expensive – \$500 a month is just too much. Also, once you sign up, the prices usually go up each year and you can never predict by how much. As a deli owner, we cannot pass this type of increase on to our customers – they will just go elsewhere.

If we have to choose between buying food, gas, and health care, of course we're going to choose food and gas. We have to eat and we have to get around. Health care we need, but if you don't have it you just pray that you don't get sick. Going to the hospital and using an ambulance can cost thousands of dollars. With the recent increase in food and gas prices, this is just too much. If there were a really good public program we would participate. We would even pay a modest payroll tax, if needed, as long as others pay their fair share, too.

Willingness to Contribute to a System of Shared Responsibility:

- Among Washington small employers, 67 percent indicated they were willing to contribute financially to achieve quality, affordable health care for their employees; 51 percent indicated they would be willing to pay four to seven percent or more of payroll to guarantee quality coverage for themselves and employees.
- Among self-employed entrepreneurs in Washington, 56 percent expressed interest in buying into a state-wide or national health care pool; 51 percent said they would be willing to contribute four to seven percent or more of their gross income for health care.

WILLINGNESS TO CONTRIBUTE FOR QUALITY HEALTH COVERAGE - WASHINGTON SMALL BUSINESS OWNERS



Jody Hall
Vérité Coffee and
Cupcake Royale
Seattle

I own three coffeehouse/bakery cafes in Seattle, Vérité Coffee and Cupcake Royale, employing 55 people. When it comes to health care, I know some people are asking questions about the cost of reform,

but the cost I'm most concerned about is the cost of doing nothing. My premiums went up 40 percent last year and that's just for a basic plan that, in all honesty, doesn't provide real security compared to the coverage I had when I worked for corporate America.

We cannot keep going like this. I want to offer good health care to my workers. I want to be able to do that as an employer but the deck is stacked against businesses like mine; the insurance companies are holding all the cards. I firmly believe we can do better on health care. But it's going to take a coordinated effort from government, business, and the community to make it happen.



Shirley Giarde
The Purple Parasol
Walla Walla

My husband and I purchased a major medical policy from Mega Life and Health in 1999 through my membership in the National Association of the Self-Employed. We'd always been healthy, so we got a

\$1,800 deductible and 80/20 coinsurance, and thought we were protected.

One day in 2007, Raymond started having trouble breathing and later collapsed outside our house. At the hospital, they said he had congestive heart failure and was a candidate for instant cardiac death. After a week of waiting in the hospital for surgery, we went home with a portable defibrillator life vest – it cost \$3,300 a month, but that was better than racking up hospital bills indefinitely. When I called Mega Life, they said they wouldn't cover the vest because it was "durable medical equipment."

Raymond had the surgery, but the insurance company only paid a fraction of the cost and we were stuck with about \$100,000 in bills. Now he may need a heart transplant, but the insurance won't pay for that either. I'm still paying \$493 a month for this lousy insurance, plus \$269 for additional coverage for myself – that's \$762 a month. Our only other choice is the state high-risk pool, and we'd pay even more there. We're just holding on until Raymond can qualify for Medicare.

ENDNOTES:

- 1 Reed Abelson, "Small Business Is Latest Focus in Health Fight," *New York Times*, July 10, 2008.
- 2 Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends, Medical Expenditure Panel Survey - Insurance Component, Table II.A.2 (2006). Small businesses are those with less than 50 employees.
- 3 Jon R. Gabel & Jeremy D. Pickreign, Issue Brief, "Risky Business: When Mom and Pop Buy Health Insurance for Their Employees," The Commonwealth Fund, April 2004.
- 4 Christine Eibner, "The Economic Burden of Providing Health Insurance: How Much Worse Off Are Small Firms?," Kauffman-Rand Institute for Entrepreneurship Public Policy, 2008.
- 5 "Medical Debt and Access to Health Care," Kaiser Family Foundation, September 2005, p. 4.
- 6 Linda J. Blumberg, "Addressing Adverse Selection in Private Health Insurance Markets," Statement before the Congress of the United States Joint Economic Committee, September 22, 2004; Yujing Shen & Randall P. Ellis, "How Profitable Is Risk Selection? A Comparison of Four Risk Adjustment Models," *Health Economics*, vol. 11, March 2002.
- 7 Mila Kofman & Karen Pollitz, "Health Insurance Regulation by States and the Federal Government: A Review of Current Approaches and Proposals for Change," Georgetown Health Policy Institute, April 2006; for a state-by-state comparison of state rating rules, see the Kaiser Family Foundation at www.statehealthfacts.org.
- 8 Kaiser Family Foundation, "Small Group Health Insurance Market Guaranteed Issue, 2007," viewed at: www.statehealthfacts.org.
- 9 Ella Hushagen & Cheryl Fish-Parcham, "Failing Grades: State Consumer Protections in the Individual Health Insurance Market," Families USA, June 2008; Sara R. Collins, et al, "Squeezed: Why Rising Exposure to Health Care Costs Threatens the Health and Financial Well-Being of American Families," The Commonwealth Fund, September 2006, p.10 [Hereinafter Collins].
- 10 Collins, p.21.
- 11 Representative Henry Waxman, "Opening Statement of Rep. Henry A. Waxman, Chairman, Committee on Oversight and Government Reform, Business Practices in the Individual Health Insurance Market: Terminations of Coverage," July 17, 2008.
- 12 Stuart Butler, "Reducing Uninsurance by Reforming Health Insurance in the Small-Business Sector," Backgrounder #1769, Heritage Foundation, June 17, 2004.
- 13 Senator Dick Durbin, "Durbin, Snowe, Lincoln & Coleman Along with NFIB, NAR & SEIU Introduce Affordable Health Insurance Plan for Small Businesses," Press Release, April 2, 2008; Nydia Velazquez, "Small Business CHOICE Act Would Bring Healthcare Coverage to Millions of Americans," Press Release, July 23, 2008.
- 14 See http://change.gov/agenda/health_care_agenda/
- 15 Senator Max Baucus, "Call to Action: Health Reform 2009," November 12, 2008.
- 16 See <http://sao.mt.gov/InsureMontana/about.asp>

THE MAIN STREET ALLIANCE *A big vision for small business*

The Main Street Alliance is a national alliance of state and local small business coalitions working to give small businesses a new voice on the issue of health care. Alliance partners include small business coalitions in states across the country, including Colorado, Idaho, Illinois, Iowa, Maine, Montana, New Jersey, New York, Oregon and Washington.

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NORTHWEST FEDERATION OF COMMUNITY ORGANIZATIONS

The Northwest Federation of Community Organizations (NWFCO) convenes community groups nationwide on critical public policy issues. To foster public conversation of these issues, NWFCO provides research and policy analysis. Recent reports include:

- *The 2008 Job Gap: Tough Times for Northwest Families*
- *Insuring Health or Ensuring Profit?: A Snapshot of the Health Insurance Industry in the United States*
- *The Small Business Health Care Crisis in Washington: A Survey of Pike Place Market Businesses*



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