Health Reform that Works for Small Businesses

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Small Business Majority
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About Small Business Majority

- Small Business Majority is a nonprofit, nonpartisan organization founded and run by small business owners and focused on solving the biggest problem facing small businesses today: the skyrocketing cost of health coverage.

- We speak for the nearly 28 million Americans who are self-employed or own businesses of up to 100 employees. Our organization sponsors scientific research that guides us to understand and advocate on behalf of the interests of small businesses across the country.
Small Business Landscape

- 22 million self-employed entrepreneurs nationally
  - 209,000 self-employed entrepreneurs in Iowa
- 5.9 million employers with fewer than 100 employees nationally
  - 63,000 small employers in Iowa
  - 80% of employers have fewer than 10 employees
- Most small businesses are very small and lack sophisticated HR departments
Outreach and Education

• Outreach to Iowa’s 209,000 self-employed and 63,000 small employers
  – How does the new system work?
  – What are my options?

• Navigators are to be funded by state exchanges

• Massachusetts held 338 outreach meetings in its first two years and fielded 2,500 inquiries per week
  – Iowa is half the population of Massachusetts
  – Massachusetts was only for individuals
• Affordable health plans
  – 28% of self-employed entrepreneurs are uninsured
  – 54% of employers with fewer than 10 employees do not offer health coverage

• Stable annual premiums
  – Currently small businesses commonly face significant year to year volatility in premiums
• Choice of competitive plans
  – Today many times small businesses only have one or two ‘competitive’ choices

• Minimal administrative burden
  – Currently most small businesses rely on brokers for information, one plan choice for employees and make one premium payment monthly
Providing Affordable Coverage

• Maintain low administrative costs
  – Massachusetts is now 3%

• Attract insurers to the exchange and create incentives for price competition among insurers

• OPM is required to provide at least two “multi-state plans”

• Create incentives for participants to select lower-cost plans
  – Federal Employees Health Benefits plan, CalPERS for state employees and Wisconsin State Employees Health Plan have created consumer incentives
Exchange – Stable Premiums

- Insurance reforms combined with an effective exchange will dampen individual premium volatility
- Avoiding adverse selection
- Incentives for health price competition among insurers in the exchange
• Size matters
  – Large number of participants will attract insurer competition
  – Capturing a large enough share of the market (some have estimated 20%) will drive competition, choice and cost

• Easy to understand choices, costs and values
Exchange – Minimal Administrative Burden

• Effective outreach and education 2013-2014
• Transparent and easy to use website and tools
• Brokers
  – Massachusetts uses brokers
• Consolidated billing and payment system is a necessity
Exchange - Challenges and Issues

- Avoiding adverse selection is No. 1
  - The historical downfall of past insurance pools
  - Success models & lessons learned – Connecticut, Massachusetts, Wisconsin, FEHBP, CalPERS

- One or two pools for individuals and small group?
- Expanding the exchange beyond 100 employees in 2017
- Governance & Stakeholders such as small business
- Wellness programs that work for small business
Info For Small Businesses

• Frequently asked questions

• Small business healthcare reform summary
  – http://smallbusinessmajority.org/_docs/resources/SBM_whats_in_it_for_small_biz.pdf

• Tax credit calculator
  – http://smallbusinessmajority.org/tax-credit-calculator/

• For more information
  – (866) 597-7431 or info@smallbusinessmajority.org