

Health Care Reform



Good for Ohio's Small Businesses

A combination of tax credits, cost savings, and employee premium assistance makes health care reform a good deal for small businesses.

Currently Ohio's Small Businesses Struggle to Provide Health Insurance

A 2008 survey of small businesses by the Small Business Majority and Ohio's Small Business Network on Health Care revealed that just 43% of the state's small businesses with two or more employees provide health insurance for their employees. Of those, 71% said they were really struggling to do so.



How will Health Care Reform Help Small Employers Purchase Health Insurance?

The U.S. House and Senate bills provide new tax credits for small employers, including small non-profits. The tax credit will be up to 50% of premiums and will apply to businesses employing up to 25 employees with average annual wages less than \$40,000. Businesses will still be able to deduct health insurance costs that exceed the value of the new tax credit. A temporary reinsurance program is available to reduce the employer cost of premiums for retirees over age 55 who are not eligible for Medicare.

How Will Health Care Reform Stabilize Premiums?

Ohio's small businesses and self-employed entrepreneurs spent \$5.3 billion on health care premiums in 2008.¹ That number will rise to \$12.5 billion by 2018 without relief through comprehensive reform.²

A health insurance exchange will allow small employers to purchase insurance as part of a larger pool of people who are insured. The pool will spread risk across a greater number of employees, create more competition among insurers, reduce administrative costs and provide employers and employees more comprehensive plan options.

With a well-run health insurance exchange, proposed in both the House and Senate bills:

- Sole proprietors will see their premiums drop by 15-20%.³
- Small businesses with fewer than 10 employees will see their premiums drop by 10-15%.³
- Small businesses with 10-50 employees will see their premiums drop by 5-10%.³

¹*Healthcare Reform Will Help Small Businesses*, Small Business Majority, September 2009.

²Small Business Majority projections based on microsimulation modeling by Jonathan Gruber, (*The Economic Impact of Healthcare Reform on Small Business*, SBM, June 2009), cited in *Healthcare Reform Will Help Ohio Small Businesses*, September 2009.



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In the House legislation, only small businesses with an annual payroll exceeding \$500,000 would be required to offer insurance to their employees. The Senate bill would assess a fee on employers who have more than 50 employees for any employees who get a tax subsidy to purchase health insurance through the exchange. *87% of small businesses have payroll expenses under \$500,000⁴ and 96% of businesses have fewer than 50 employees.⁵*

Other reforms such as electronic medical records, measures to reduce waste, fraud and abuse of health programs, and simplified paper work are aimed at reducing the rate of health inflation for all businesses and consumers.

How Will Health Care Reform Help Employees of Small Businesses?

For small businesses who don't offer health insurance, employees will be able to purchase health insurance through a health care exchange and may receive a subsidy to help with costs. Insurers will no longer be able to exclude people or charge higher premiums based on pre-existing conditions, or to cancel insurance because of claims.

Businesses will benefit by having a workforce with *better access to medical care.*

³Small Business Majority, unpublished analysis based on Lewin: *The Wisconsin Health Plan (WHP): Estimated Cost and Coverage Impacts, June 2007*; Commonwealth Fund Commission on a High Performance Health System, *The Path to a High Performance Health System: A 2020 Vision and the Policies to Pave the Way*, (New York: The Commonwealth Fund, Feb. 2009).

⁴U.S. Census Bureau, 2006 County Business Patterns, Table 1b (2008).

⁵Source: U.S. Small Business Administration, Office of Advocacy, based on data provided by the U.S. Census Bureau, Statistics of U.S. Businesses. Table: Employer Firms, Establishments, Employment, and Annual Payroll Small Firm Size Classes, 2006.

Ohio Consumers for Health Coverage is a nonpartisan coalition uniting the diverse consumer voice with the goal of achieving affordable, high quality care for all. OCHC's membership includes AARP, AFSCME Council 8 AFL-CIO, American Cancer Society, Cerebral Palsy Association of Ohio, Faith Community Alliance of Greater Cincinnati, Legal Aid Society of Southwest Ohio, National Alliance for Mental Illness (Ohio), National Multiple Sclerosis Society Ohio Chapters, Ohio ACORN, Ohio Alliance for Retired Americans, Ohio Council of Churches, Progress Ohio, Service Employees International Union, Toledo Area Jobs with Justice, United Food and Commercial Workers Local 1059, UHCAN Ohio, We Are The Uninsured, and We Believe Ohio.

For More Information go to www.ohioconsumersforhealth.org or call 614-456-0060. OCHC is staffed by UHCAN Ohio, 404 S. Third Street, Columbus, Ohio 43215

For additional information on health care reform from a small business perspective, you may also contact the Small Business Network on Health Care, which was initiated in 2008 by Ohio Consumers for Health Coverage. The SBNHC seeks to help Ohio small businesses develop a vigorous and independent voice on the business need for guaranteed, equitable, affordable, and high quality health coverage. Contact person is Thomas Scheid, tscheid@columbus.rr.com, or call 614-599-2406.

