



Statement of Ms. Ann Sullivan

**On Behalf of
Women Impacting Public Policy**

**Submitted to
Senate Small Business and Entrepreneurship Committee**

**"Alternatives for Easing the Small Business Healthcare
Burden"**

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Good morning Chair Kerry, Senator Snowe and Members of the Committee. I am Ann Sullivan. I represent Women Impacting Public Policy (WIPP) in Washington, D.C. WIPP is a bipartisan public policy organization representing well over a half million women and minorities in business nationwide, including 47 organizations as well as individual members.

Today's hearing touches on our members' number one issue – affordable and accessible healthcare. Before I go any further, let me thank the Committee for its efforts in past Congresses to find a solution to the rising cost of health care and for holding this hearing. This Committee is in a position to keep reminding the full Senate that action on this vital issue is essential to the continued economic growth of small business.

We all know the statistics, but the fact remains that of the 46.6 million uninsured Americans, 60 percent are employed by a small business or a dependent of someone who is employed by a small business. This nation cannot and should not sustain such a staggering number of Americans without health insurance. Without preventive care and quality healthcare, which insurance provides, our nation's healthcare bill will continue to rise at record levels.

Every year, WIPP conducts an annual Issues Survey to its members. WIPP members are asked to rank policy issues and give input on policy issues. We formulate our policy based on the response from our members. We are still in the stage of getting preliminary results, but we see a significant shift among our members on the healthcare issue. In past polls, our members have identified national trends before the rest of us do, so I would like to share with the Committee preliminary results of WIPP's 2007 survey.

There are really two significant policy shifts we found on the healthcare questions in this survey. One, our members have shifted their thinking with respect to employer sponsored healthcare. When we asked the question: "Do you believe that businesses (either large or small) should be the main provider of healthcare coverage for their employees?" a majority said "no." Our members do not believe health insurance should be the sole responsibility of employers—they believe the conversation around healthcare needs to shift to individuals. When asked the question, "a proposal pending in Congress would allow uninsured individuals to shop for health insurance across state lines. Do you believe this proposal would result in providing more individuals with health coverage?" 64 percent said "yes." This, I believe, is affirmation that changes have to occur to make the individual market strong enough to sustain the shift to individual coverage.

The second policy shift reflected in our survey was a willingness by WIPP members to consider a number of different healthcare proposals being discussed in the Congress. When a question described the proposal by Senators Lincoln and Durbin, clearly stating that small businesses could opt-in to the pool and the insurance would be provided by private insurers, preliminary results overwhelming supported that proposal (84 percent).

When our members were asked whether states should require everyone to carry health insurance, either by their employer or by themselves, with state programs to assist those who fall below a set income level, 42 percent said "yes" and 39 percent said "no."

Small businesses who have operations in multiple states (even if it is one employee) will find navigating multiple state requirements difficult.

This policy shift, from employer to individual, introduces a different way of viewing health insurance and how to obtain it. President Bush, in his State of the Union speech, proposed a shift from employer sponsored healthcare to individual healthcare by proposing that a tax deduction be made available to individuals as well as employers. We note that states like California and Massachusetts, who are grappling with how to insure their residents, are proposing the responsibility of obtaining insurance lie with the individual.

Having said that, the individual market, as it exists today, is not strong enough to sustain a wholesale shift. According to the Kaiser Family Foundation, in 2005, only 5 percent or 14 million Americans are insured through the individual market. A 2005 survey conducted by the Commonwealth Fund, examined the experience of adults ages 19 to 64 in the individual insurance market compared with adults with employer-based coverage. Compared with adults with employer coverage, adults with individual market insurance give their health plans lower ratings, pay more out-of-pocket for premiums, face higher deductibles, and spend a greater percentage of income on premiums and health care expenses

The only solution for small businesses and their employees, as we see it, is to strengthen these two markets. One is achieved by encouraging individuals to purchase insurance—thus increasing the size and strength of the pool. The second is to strengthen the small business market by increasing the bargaining power of a small business. That involves establishing large pools that can negotiate better prices with the insurers and the reason behind WIPP's support of the creation of Small Business Health Plans (also referred to as Association Health Plans) for many years. Another proposal, providing additional tax incentives to employers to offset the exorbitant price of premiums, would also be helpful to small businesses.

The healthcare solution has many tentacles such as using technology to centralize medical records, limiting medical malpractice and instituting healthy employee programs to reduce medical claims. WIPP members are open to discussion of a variety of Congressional proposals. While we do not believe universal healthcare- run by the government as opposed to the private sector – is a good solution, we are open to ideas on how best to increase the buying power of individuals and small businesses for their healthcare.

We are not as presumptuous as to suggest that we have the solution. But we live with the problem every day. We believe that it is a reasonable request from the over half million women-owned businesses we represent, that Congress take action to ensure that small businesses can offer healthcare to their employees at reasonable rates or make it possible for employees to obtain individual insurance at rates they can afford.

When large employers and small employers are saying the system is broken, when 46.6 million Americans are without health insurance, it is time for the federal

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government to adopt changes which can make the small business and the individual market work.