



# **SMALL BUSINESSES ARE DROWNING UNDER THE RISING COSTS OF HEALTH CARE**

*“If we don’t fix the spiraling cost of health care, it will have such a destructive impact on our economy that every sector of the economy will deteriorate.”* – Louis Gerstner, former head of International Business Machines Corp., 7/28/09

The rising cost of health care is one of the biggest drags on our economy, and small businesses are struggling to keep their heads above water. That is why the Democratic proposal takes the necessary steps to reduce the burden of ballooning health care costs on American families, businesses and our fiscal future.

## **Today: Small Businesses Crushed by Health Care Costs**

**Less than half (45 percent) of small businesses insure workers; 60% of America’s uninsured – or 28 million—are small business owners, workers, and their families**

**Costs going up:** Insurance costs for small businesses have risen **129% since 2000**

**Workers pay more:** Small business workers pay an average of **18% more in premiums** than those in large firms for the same benefits. Their **deductibles are more than double**

**Higher administrative costs:** **Up to 25 percent of the cost of premiums** for some small business health plans, compared to 10 percent for large firms.

## **Democratic Plan Will Benefit Small Businesses**

Small businesses are among those who will benefit the most under the Democratic plan, giving them greater access to coverage at lower costs and helping them stay afloat in this economic downturn and beyond. The Democratic proposal:

- **Gives small businesses the benefits of large-group rates**, lower administrative costs, and the ability to offer choice of plans to employees (Health Insurance Exchange)
- **Increases competition in the insurance market** in areas where a lack thereof results in higher costs
- Ensures **small businesses don’t pay higher premiums if they employ a sicker workforce**
- Provides a **tax credit to assist small businesses** who want to offer coverage

*Prepared by the Office of Majority Leader Steny Hoyer, 7/28/09*