

Testimony of ReShonda Young  
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Before the House Education and Labor Committee

Hearing on House Tri-Committee Discussion Draft Proposal  
for Health Care Reform

June 23, 2009

Chairman Miller, Ranking Member Kline and members of the Committee, thank you for inviting me to be here today and to testify on behalf of my business and small businesses across Iowa. My name is ReShonda Young, and I serve as Operations Manager for my family's business, Alpha Express, Inc, based in Waterloo, Iowa. I am also a leader with the Iowa Main Street Alliance – a coalition of small businesses across Iowa working for a solution on health care.

I will make some specific comments on the committee's discussion draft proposal from a small business perspective. First, I want to share briefly about our business's experience with health care.

### **Alpha Express, Inc and the Realities of Health Care**

Alpha Express is a transportation and contracting business. We provide transportation services across the U.S. and Canada, contract work for companies like John Deere, and exterior property maintenance services.

Our business is a true family business. My father started the company 20 years ago – back then it was just him and one partner – and my dad has grown the business to almost 40 employees. Now my dad is 68 and ready to retire. We're hoping my brother will come back and help run the business.

As Operations Manager for the business, I think about health insurance for our employees all the time. It's been years since we've been able to afford group health insurance. When I came in full-time with my dad in 2006, we got quotes from a couple different places, but the quotes came in at about 13 percent of our payroll. We're willing to pay our fair share of the cost of coverage, but we just couldn't afford 13 percent and there weren't any affordable options for us.

So instead, we're left offering a small stipend to help employees who buy insurance on their own. But most of them still can't afford the cost of coverage on the individual market. My father has retiree coverage from his days working at John Deere, and I've got coverage for myself through my husband. But most of our people are not in that position – if they can't get health coverage through our business, they're not going to be able to get it anywhere.

This spring, I started looking into group plans again, but the plans we've looked at would mean at least a 12 percent increase in our payroll expenses. And the plan would include a waiting period of 12 to 18 months before any pre-existing conditions would be covered, so the money we put out in premiums wouldn't even cover some of the medical expenses we would incur. We also had no guarantee the premium will remain stable from one year to the next, and in fact they could ratchet up the premium the second year and drive us out of the market again. I received eight bids for coverage for our employees – but they were all from the same insurance company, Wellmark. In Waterloo-Cedar Falls and in most of Iowa, there are one or maybe two health insurers to choose from. That's not competition, and it's not giving us affordable choices.

Providing health insurance has always been something my father has wanted to do, something that's important to us. We have a couple of husband and wife teams who work for us. They need insurance for themselves and their kids. We have long-time employees who are like family members to us. This makes it especially important that our employees are healthy and well taken care of. Some nights I lay awake just worrying about health care.

Health care creates real problems for family businesses. My brother, who wants to move back from St. Louis to help run the business, can't afford to go without health coverage for his family. Because of health care costs, decisions that should be easy for my family to make have become complicated.

That's why I'm here today, and that's why it's so important that you are taking leadership in addressing the health care challenges we face.

### **Comments on the Committee's Discussion Draft**

From the small business perspective, I believe the legislation drafted by this and the two other House committees is a major step forward in addressing the health insurance problems we face. It meets the priorities identified by Main Street small business owners, and I hope this committee will take action soon to approve it and encourage its passage by the full House of Representatives.

Specifically, given that new insurance options will be opened up to small business, either through the insurance market reforms or through the Exchange, the Main Street Alliance supports the shared responsibility provisions under Title III that require individuals and employers to play their part in ensuring that everyone has health care coverage.

I agree with the idea of giving employers the option of providing coverage or contributing funds on our workers' behalf. I think the bill would create a really good system, encouraging employers to be responsible for their employees by whichever approach makes the most sense in their circumstances. As I mentioned earlier, our firm faces health insurance premium expenditures that would add 12 – 13 percent to our payroll expenses in order to provide health insurance for our workers. The contribution level in the bill – even without the small business tax credit – would reduce our contribution amount by one third, to 8 percent of payroll. And the insurance package would actually cover our health care costs, with no preexisting condition exclusions. This is a tremendous improvement over our current options.

I'm glad to see the provisions of the bill that will establish a tax credit to help small employers bear the cost of providing coverage for their workers. A 50 percent credit will provide important assistance to businesses with 10 or fewer employees whose average annual employee compensation is \$20,000. And the small business assistance is extended on a sliding scale to firms with average wages up to \$40,000 and up to 25 employees. This, too, offers significant help in improving our current health insurance options.

Representatives of the Main Street Alliance look forward to continuing to work with you to assess the interaction of the various small business related provisions in the bill to ensure there is affordability across the range of small businesses, whether they directly provide coverage for their workers or contribute to helping workers buy their own coverage through an exchange.

The shared responsibility called for in the bill for funding health insurance is first made workable by the expanded options created in the bill for purchasing affordable health insurance coverage. The legislation does this by creating a Health Insurance Exchange to provide a more competitive, transparent marketplace that will offer real coverage choices for individuals and small businesses. In

the Exchange, we will actually be able to compare the insurance plans being offered because the benefit packages will be standardized and the differences in the plans will be disclosed.

I'm also happy to see the provisions in the draft legislation that will reform practices in the insurance market to prohibit discriminatory coverage and rating policies. These changes are long overdue – I wish it were not necessary for the federal government to have to step in and pass laws and impose regulations to get insurers to stop these unfair practices, but if that's what it takes I support putting them in place as soon as possible.

But I think the most important insurance market reform – and the one that will go the farthest in ensuring competition among health plans – is the creation of a strong public health insurance option. Having a public plan that will compete on a fair basis with private plans will be a huge benefit to small businesses. It will guarantee that even in local insurance markets dominated by one or two private insurers, we will have real choices and the leverage that comes with the ability to take your business elsewhere if you don't like the insurance plan you have.

I think a public health insurance plan is also critical to encourage innovation in coverage and affordability in a competitive marketplace. I know that our business is always looking for ways to serve our customers better, more efficiently, at lower prices, and we're driven by the competition from other businesses. As a purchaser of health insurance coverage, I want my insurer to have to compete for my business as hard as I have to compete for my customers.

The bill includes a phase-in of which businesses are eligible to secure coverage through the exchange, and through the exchange gain access to the public health insurance option, with firms with 10 or fewer employees eligible in year one and firms with 20 or fewer employees eligible in year two. I understand the intention with the phase-in is to be cautious and not create unintended consequences by moving too quickly. But from my vantage point, we can't have the public option and the other private plan options available too soon. I would encourage the committee to consider accelerating the phase-in of the employers who can access the exchange.

### **Small Businesses Need Real Health Reform**

Small businesses across Iowa and across the country are looking to Congress to act quickly on health reform to rein in costs, increase competition and give us real choices. Last fall, our coalition in Iowa participated in a national small business survey where surveyors went door to door and asked Main Street business owners face to face what should be done to fix health care.

The results of this survey, reported in "*Taking the Pulse of Main Street: Small Businesses, Health Insurance, and Priorities for Reform*" (full report available at <http://mainstreetalliance.org/wordpress/home/publications/>), are worth noting in three key areas:

1. Small business owners' willingness to contribute toward health coverage: When asked if we were willing to contribute for health coverage for our employees, more than two thirds (73 percent) of small employers said yes.
2. Support for real choices, including the choice of a public health insurance plan: When asked to choose between a proposal with a public health insurance option and a proposal with only

private options, responding business owners chose the proposal with a public plan option by a margin of over two to one (59 percent to 26 percent).

3. Views on the role of government in making health care work: When asked about public oversight and the role of government, small business owners supported more public oversight of the insurance industry by almost six to one (75 to 13 percent), and a stronger government role in guaranteeing access to quality, affordable health coverage by over four to one (70 to 16 percent).

We are looking to you for leadership. We need your support to enact real health care reform that will solve this problem for family businesses like mine and allow us to continue creating jobs and serving the needs of communities across America. Thank you.