



Opening Statement
Chairman Mike Coffman
Committee on Small Business
Subcommittee on Investigations, Oversight, and Regulations
Hearing entitled : “The Health Care Reform Law: Its Present and Future Impact on Small
Businesses and Job Creation”
March 16, 2012

Good morning. This hearing will come to order. I would like to thank each of you, especially our witnesses, for taking time out of your schedules to be here with us today as we examine the impact of the President’s health care law on small businesses. Before we begin, I would also like to sincerely thank all of the staff here at the Greenwood Village City Hall for hosting this hearing.

Over the past three years, our Committee has held several hearing on topics related to health care and small businesses. Many agreed that the health care system needed reform because the cost of health care continued to escalate. Small company owners said that although they had traditionally offered health care to their employees, and wanted to continue to do so, the concentration of health insurers gave them few options for purchasing coverage, and those options were extremely expensive.

Witnesses at our hearings suggested a number of solutions, such as allowing small companies to join together to purchase health insurance across state lines, which could increase competition and reduce costs; tort reform to bring down the cost of physicians’ malpractice insurance; and permitting physician assistants, nurses, and other health practitioners to expand their duties to reduce the cost of health care delivery. Very few of them suggested that we should mandate employers to provide health insurance, raise Medicare and other taxes, or increase penalties for Health Savings Account withdrawals. Unfortunately, each of these provisions are found in the president’s health care law.

Of specific interest to us in this hearing is the employer mandate and how that provision will affect small business job creation. Beginning in 2014, the new health care law requires any employer with more than 50 full-time equivalent employees during the preceding calendar year to provide health insurance to their employees. If the employer fails to do so, he faces penalties of up to two or three thousand dollars for each employee.

My concern is what happens to those businesses who are right around 50 employees? And there are a lot of these companies. According to the Small Business Administration's Office of Advocacy, there are approximately 143,051 firms that employ between 40 and 74 people with a total of about 7.5 million employees at those firms. Is a company that is just below the 50 employee threshold likely to hire more workers if they are unable to provide health insurance? Is a company that has 52 employees going to maintain or contract in the face of penalties?

Regardless of the answers to those questions, the greater concern here is that why, with the economy struggling and historically high unemployment, is the President so intent on implementing laws that make small businesses owners make those kinds of decisions? We ought to be making it easier for them to expand and produce jobs, not harder.

That leads me to another point I'd like to discuss at this hearing—the confusion and uncertainty the President's health care law is causing small businesses as it is implemented over the next few years. Between now and full implementation in 2018, 46 new provisions will be implemented. This is on top of the 46 that have already been implemented over the past two years. The sheer number of things to track and comply with has got to be confusing for a small mom and pop shop struggling to get by in difficult economic times and it all goes back to the question “why are we making things harder for small businesses instead of easier?”

We have an excellent panel to discuss these issues. Again, I would like to thank everybody for being with us today.