

NSBA Opposes Health Care Reform Bill, with Regret



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Despite the extraordinary need of small businesses for health care reform, the National Small Business Association cannot support the reform bill currently pending before Congress. This bill will place significant new pressures on small businesses to both offer and pay for employee health insurance, starting in the earliest stages of reform. However, the provider-level reforms that could contain costs and enable small businesses to afford this commitment will not be fully effective for many years—if at all. We justifiably expect that small companies caught between these twin pressures will see their ability to grow, prosper, and create jobs greatly diminished.

As long-time advocates of fundamental reform of the health care system, we had high hopes for a reform measure that could be more broadly embraced and that we could support. Indeed, the current bill has many positive features that NSBA supports: repair of the dysfunctional individual and small group insurance markets; focus on individual needs and responsibilities, rather than all-encompassing employer mandates; and a start on transforming the delivery system incentives that have driven health care costs to unsustainable levels.

The shortcomings, though, also are significant.

- Small business health premiums will continue to increase sharply, as even the Congressional Budget Office has determined.
- The legislation does nothing to encourage cost-conscious consumer behavior, aside from the unnecessarily blunt “Cadillac tax,” which will not begin to have an effect until at least 2018, and which is insufficiently transparent and imposes unintended administrative burdens on small businesses.
- The previously mentioned delivery system reforms are positive, but are too back-loaded, giving powerful vested interests years to water them down or remove them entirely. Even if implemented, they are not likely to have a significant effect on costs for a decade or more. Malpractice reform, absent from the current legislation, would make these reforms much more effective.
- Though currently excluding most small companies, the large increases in “free-rider fees” are troubling. If there was once a distinction between an employer mandate and a free-rider provision, it seems to have been lost.
- The very large tax increases on both earned and unearned income could have a significant effect on many small business owners and their ability to reinvest in their companies’ growth. These increases are in addition to the administration’s current budget proposal which calls for significant income tax increases on the same individuals. Together, these taxes will create a steep increase in marginal tax rates on the very entrepreneurs we need to be investing and creating jobs.

NSBA has stood apart from many other business groups during deliberations on health care reform, preferring to be a nonpartisan, thoughtful, and member-driven organization. We have continued to work positively for needed changes to the legislation, but it is now clear that **most of those recommendations have not been accepted** and that the bill is in its final form. We understand that it is impossible to create a significant reform such as this without some objections from nearly every constituency. But our objections to this bill go beyond those reasonable expectations. **Congress can do better.** A sense of urgency on cost containment is the place to start.

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