



SMALL BUSINESS MAJORITY
A NEW POLITICAL VOICE

To the members of the U.S. Senate Committee on Health, Education, Labor and Pensions and other interested members of the U.S. Senate:

We are writing to you on behalf of the 23.6 million small business owners in the United States, representing 52% of the private sector workforce and 75% of net new jobs, to oppose S.1955, the Health Insurance Marketplace Modernization and Affordability Act of 2005.

More than 25 million of the 46 million uninsured Americans work in small businesses; 57% of all employees of businesses under 50 employees do not have health insurance. Indeed, national research that we have just completed shows that small business owners rank health care as by far their most pressing concern: 67% rank it as extremely important, and 27% rank it as somewhat important. Fully 88% agree that “health care should be available and affordable for everyone.”

According to our research, creating health care purchasing pools for small businesses is the preferred solution to the crisis, supported by 81% of small business owners. So, we applaud the attempt to facilitate pooling. But, the approach used by S.1955 is severely flawed. Despite eliminating some of the concerns presented by the earlier AHP legislation, S.1955 removes the states’ autonomy to regulate health insurance, preempts health care benefits offered by many states, and preempts stronger state laws that limit the ability of insurers to vary premiums based upon health status, age, gender and geography. The result of all is the creation of two tiers of insurance: one for younger, healthy groups that is exempt from stronger state regulation and another for the remaining groups that will be even more expensive than it is today, resulting in even fewer small business employees with access to affordable health care.

What is needed are incentives for all small businesses to join pools and stronger regulation of variations in premiums, so that the risk truly gets spread across the entire spectrum of small businesses, with only modest variations in cost based upon age and region. For this reason, Small Business Majority supports S.637, the Small Employers Health Benefits Program Act of 2005, as a much more practical and realistic solution to the health care crisis faced by America’s small businesses.

Sincerely,

John C. Arensmeyer
Founder & CEO
Small Business Majority