

**Testimony of
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On behalf of the small-business members of the National Federation of Independent Business, I want to thank you for inviting me to talk with you today about healthcare reforms that meet the needs of Pennsylvania's small-business owners and workers.

Over the last six weeks, the presidential candidates shuffled through the Keystone State vying for our attention and votes. We heard a lot of their ideas and solutions to some of the most important issues facing us all. One of the issues that received a great deal of attention was the rising cost of healthcare. It's an issue that is nearing crisis proportions across the country. One group that is disproportionately struggling to obtain and provide affordable healthcare is small business.

Small-business owners pay on average about 18-percent more in insurance premiums than larger firms. About 20 percent of small firms spend at least 8 percent of payroll on healthcare and 5 percent of small firms spend at least 15 percent or more of payroll on healthcare.

Of the nearly 1 million Pennsylvanians without health insurance, it's estimated nearly two-thirds are small business owners, workers or their dependents. Additionally, small-business owners bear the overwhelming burden of premium increases while their employees face larger deductibles and co-pays and diminished access to care.

Two Pennsylvanians in particular, Donna Partin, a MerryMaid franchise owner from Cumberland County, and Brooke Rush, owner of David Brooke Rush Builders in Bucks County, both are struggling to provide affordable healthcare options to their employees. They agree that small business must have a seat at the table in this year's healthcare reform debate to ensure they're provided with the necessary tools to take care of themselves and their workers.

Healthcare reform is a top priority for small business. But NFIB members want healthcare reforms that balance access to quality care; affordability, predictability and consumer choice.

Here at home, the governor and state House are backing a plan to expand health insurance for some of the uninsured. Supporters already admit the plan lacks sustainable funding—especially without future tax increases. In addition, the proposal does not address the factors that drive health costs and it is likely the plan would also lead private employers to drop their plans in favor of the state-run program. Patients with private insurance also could find it more difficult to find a family physician or make an

appointment as doctors would be mandated to first treat all patients enrolled in the new government-run plan.

The good news is policymakers at all levels of government finally have recognized the need to address the current healthcare crisis. The key is to make changes that meet the needs of small employers and their workers. While we all share the desire to expand health insurance to the uninsured, we must do more to reduce the cost of providing health coverage without doing irreparable harm to our existing healthcare systems.

That's why the NFIB last month released a set of principles that provide a foundation for health care reforms that meet the needs of small-business owners, workers and their families. Among these principles, NFIB members believe that to the greatest extent possible, Pennsylvanians should receive their health insurance and health care through the private sector. Consumers also should have many choices among insurers and providers and policymakers must alleviate mandates and other restrictions that limit competition. Specifically, NFIB members believe a meaningful healthcare reform plan should be:

Universal: All Pennsylvania should have access to quality care and protection against catastrophic costs. A government safety net should enable the neediest to obtain coverage. This does not mean a government-run, single-payer system.

Private: To the greatest extent possible, Pennsylvanians should receive their health insurance and health care through the private sector. Care must be taken to minimize the extent to which governmental safety nets crowd out private insurance and care.

Affordable: Health care costs to individuals, providers, governments and businesses must be reasonable, predictable and controllable.

Unbiased: Health care and tax laws should not push Pennsylvanians into employer-provided or government-provided insurance programs and hobble the market for individually purchased policies. Small employers should be treated the same as large employers, who can already pool across state lines. A health care system built on employer mandates or on play-or-pay taxes is unacceptable.

Competitive: Consumers should have many choices among insurers and providers. Policymakers must alleviate the limitations that state boundaries and treatment mandates place on competitiveness.

Portable: Pennsylvanians should be able to move throughout the United States and change jobs without losing their health insurance.

Transparent: Information technology should enable all parties to access accurate, user-friendly information on costs, quality and outcomes. Providers must be able to obtain relatively complete medical histories of patients. At the same time, patients' privacy must

be guarded zealously. The private sector must play a vital role in developing the new technologies.

Efficient: Health care policy should encourage an appropriate level of spending on health care. Laws, regulations and insurance arrangements should direct health care spending to those goods and services that will maximize health. Adequate risk pools throughout the health care system are vital to accomplishing these goals.

Evidence-based: The health care system must encourage consumers and providers to accumulate evidence and to use that evidence to improve health. Appropriate treatment choices and better wellness and preventive care should be key outcomes.

Realistic: Health care reform should proceed as rapidly as possible, but not so quickly that firms and individuals cannot adjust prudently. It is important to ensure that no one's quality of care suffers as we move to provide coverage for all Americans.

I thank you for your consideration of the needs and concerns of NFIB members. We stand ready to assist you on this critical small-business issue. If we fix healthcare for small business we'll be fixing it for all Pennsylvania.

Thank you.

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