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The Voice of Small Business®

**Testimony of
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**Before the
Senate Banking and Insurance Committee
Harrisburg, PA**

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On behalf of the small business members of the National Federation of Independent Business, I thank you for the opportunity to testify before this committee to reiterate our opposition to single-payer healthcare.

Small business has much to gain from healthcare reform. We encourage lawmakers to examine reforms that meet the needs of Pennsylvania's small-business owners and workers. Unfortunately, single-payer healthcare is the wrong reform at the wrong time.

Small-business owners pay on average 18-percent more in insurance premiums than larger firms and our members consistently rank health insurance and health costs as their top business concern.

When evaluating healthcare reform options, small business owners ask themselves two specific questions. First, will the changes lower insurance costs? Second, will the changes increase the overall cost of doing business? In both cases, a single-payer healthcare system fails the small business test and, therefore, fails small business and its workers.

A fundamental concern of a single-payer system is that decisions no longer would be made -- and resources no longer would be allocated -- based on 'value' as determined in the marketplace. The government would make the rules in a single-payer system and the bureaucracy would be responsible to determine appropriate coverage. Like the current federal Medicare system, the only mechanism available to control cost in a single-payer system would be to ration care.

Small employers likely would be most negatively affected by single-payer mandate. Small-business owners who make little to no profit, and are uninsured because they cannot afford coverage likely would be forced to reduce wages or other benefits, or leave vacant positions unfilled to cover the taxes and costs associated with the single-payer system.

The stark economic consequences of a single-payer healthcare system would appear to conflict with efforts among elected officials to spur economic growth and help small-business create jobs.

NFIB's monthly economic surveys show that small business sales, earnings and capital spending are at record lows and small business optimism continues to decline. For small business, the

biggest problem affecting job growth today is poor sales. To entice consumers, businesses are slashing prices, which reduces profits. Business owners also tell us they are worried about a number of proposals being debated in Washington that would affect the cost of their business operations, including healthcare. These employers likely will not hire new workers or make investments in their businesses until earnings improve and they feel more confident about the overall economic AND policy climate.

The good news at the national level: a single-payer system is not even being discussed as part of a national healthcare reform plan - though the shortcomings are many in both of these federal proposals HR 3950 (Senate version) and HR 3962 (House version).

Chief among these concerns is that a government-run plan will drive the private healthcare marketplace out of business. Private insurers will be unable to compete in a climate where the rules and practices are tilted in favor of a massive government-run plan. This means millions could lose their current coverage. This will decrease choice and increase costs. On both accounts, the government-run plan will leave small business with a single option – the government-run plan, which is the exact opposite outcome small businesses want from healthcare reform.

Here in Pennsylvania, the governor and the state House repeatedly have backed proposals that supporters readily admit lack sustainable funding—especially without future tax increases. In addition, the proposals do not address the factors that drive health costs and it is likely the plans would also lead private employers to drop coverage in favor of the state-run program. It's estimated the economic price tag of Gov. Rendell's Cover All Pennsylvanians proposal was over 100,000 jobs and would cost Pennsylvania small business nearly \$2 billion after start-up in payroll taxes, accounting costs, insurance premiums and insurance-search costs.

NFIB remains committed to healthcare reform, and urges the Senate to develop common sense solutions to lower healthcare costs while ensuring that policies empower small business with the ability to make the investments necessary to move our economy forward.

In summary, single-payer healthcare is the wrong reform at the wrong time. This proposal will increase healthcare costs and the cost of doing business.

I thank you for your consideration of the needs and concerns of NFIB members. We stand ready to assist you on this and other critical issues that affect the men and women who own operate and work in Pennsylvania small businesses.

Thank you.

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