



The Small Business Blog

Signs of Life for Small Business Health Care Reform



[Rieva Lesonsky](#)

At the recent National Small Business Week, new Small Business Administration (SBA) head Karen G. Mills and other SBA officials frequently cited health care reform as one of the agency's main focuses going forward. "Health care concerns have come up to the No. 1 or No. 2 spot on every survey when you ask small businesses," Mills said in a recent interview with *American City Business Journals*. "Small businesses want to be able to provide health care because if you have a strong and loyal employee base, you need to provide health care to them. They need to be insured for the welfare of the folks and also of the business. There's all kinds of issues on affordability. Even for those who already supply health care, small businesses are just really pressured by the rapid rises in these costs. Solutions need to help this constituency."

Indeed, this concern is so important that in his official proclamation of National Small Business Week, President Barack Obama said, "I also support ... health-care reform that will help these [small] businesses provide more workers with quality health care services."

I don't want to get political on you, but there doesn't seem like there's much to argue with there. I know there's a large "keep the government out of small business" crowd and I certainly respect that view. But for years we've heard, "Let the market decide" but the market hasn't done a thing for us business owners. The bottom line is health insurance is unaffordable for far too many business owners, and it's high time someone did something about it.

Here at my small company, I have about four months left on my COBRA coverage, so we're exploring our health care options. Everything we've seen will send our rates soaring since I'm over 55. And none of what we've seen includes dental or vision coverage (important to us since we're all somewhat visually impaired). My partners have kids that need to be covered as well. I know we're not alone in this dilemma.

According to the Kaiser Family Foundation, over 70 percent (about 29 million Americans) of the 41 million uninsured come from families where at least one person has a full-time job. The *Wall Street Journal* cites a [survey](#) from the National Small Business Association (NSBA) that shows more and more small business owners are thinking about canceling health care coverage for their employees in the next 12 months (10 percent, up from 3 percent in 2005) due to the ever-increasing cost of health care premiums. Again, according to the NSBA, in 1993 over 60 percent

of small businesses offered health care benefits to their employees. The Kaiser Family Foundation reports that last year only 38 percent did. Between 2001 and 2008 the cost of single policy premiums for small businesses went up 74 percent. Apparently, that's what "letting the market decide" does for the American worker.

Health care issues affect aspiring entrepreneurs as well. A recent Reuter's article discussed [job lock](#), a phenomenon which keeps people from starting their own businesses. They choose to stay "locked into" jobs they don't like because of the health benefits they receive. The article says job lock affects between 20-50 percent of American workers. What's more important is that an economist from the Kauffman Foundation believes job lock "slows the rate of innovation" by keeping people (who would otherwise be starting a business) as employees.

I don't pretend to have the answers. But it's a challenge that desperately needs a solution. The cost of health care coverage puts too many entrepreneurs between the proverbial rock and a hard place. Pay the premiums or lay off some workers? No business owner should have to make that choice.

And it's not just the entrepreneurs who are suffering; employees are affected by this as well. Leadership and management consultant Holly G. Green, CEO of [The Human Factor](#) and author of *More Than a Minute: How to Be an Effective Leader and Manager in Today's Changing World*, told me that today 80 percent of employees don't trust their employers. That astounding number is up from only 24 percent a year ago. You may be thinking, "Well, who cares? They're lucky to have jobs." Yes, today in 2009 they are lucky. But as Holly Green notes, today's employer-dominated market will at one point swing to an employee-controlled one (think of the worker-dominated late '90s). And you can be sure your employees will be headed out the door if you don't take proper care of them.

As I said, I have no answers. But I'm looking for some. What do you think? How has your business adapted? Please leave a comment below or e-mail me at Rieva@GrowBizMedia.com. Perhaps together we can help solve this looming problem.