



**National Association
for the Self-Employed**

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Senate Committee on Small Business and Entrepreneurship

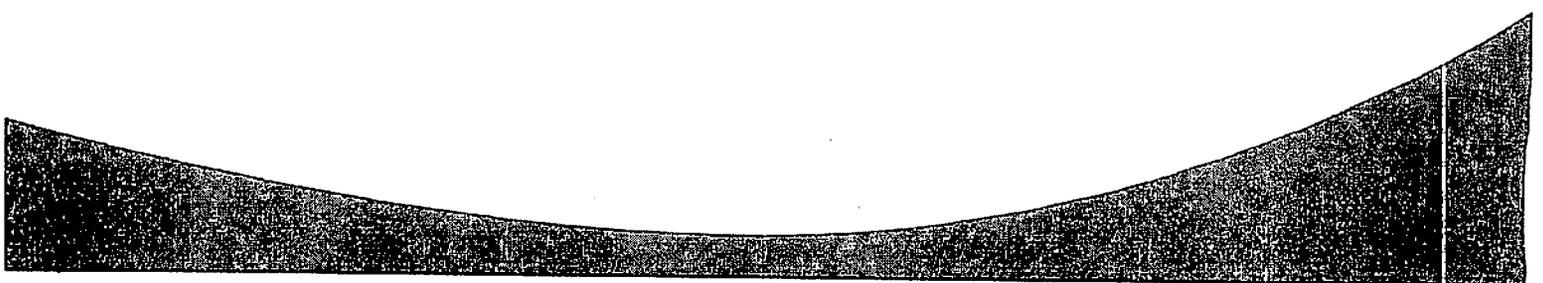
Roundtable on

***“Healthcare Reform: The Concerns and Priorities from the
Perspective of Small Business”***

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Comments by

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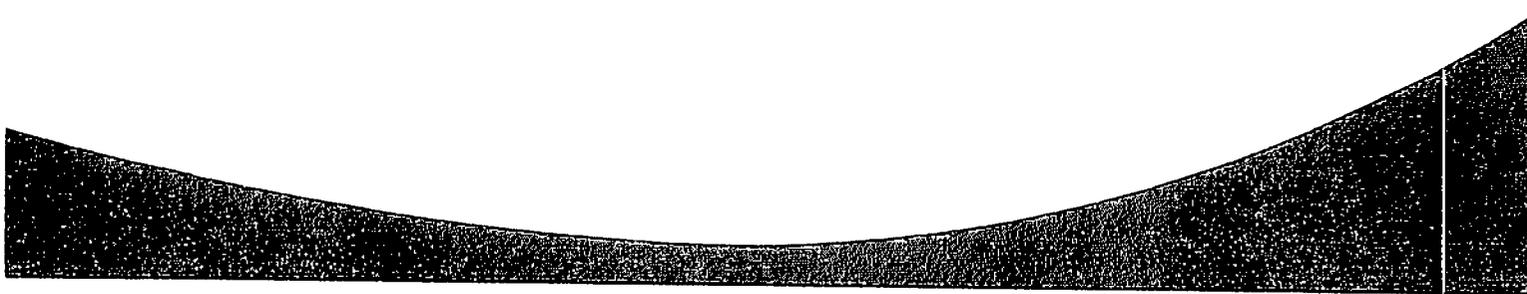


The National Association for the Self-Employed (NASE) has been representing micro-businesses, those with ten or less employees, and the self-employed for over 25 years. For the last decade, the cost of health care has been consistently selected by our members as the top issue affecting their business. The economic downturn has made it even more crucial that Congress provide relief to the self-employed from the high health care costs that are strangling their businesses.

The self-employed understand the importance of having health coverage. According to a June 2008 study conducted by the NASE, 67% of micro-businesses currently have health coverage. Yet, we found that 71% had gone uninsured at some point in their lives. Additionally, we saw a massive drop in employer-sponsored coverage amongst micro-businesses. In 2008 only 18.6% offered health insurance to their employees down from 46.2% in 2005. The primary reason for dropping group health coverage was cost. A number of business owners also indicated that the administrative burden of managing a health plan played a role in their decision to forgo group coverage. In order for reform to be meaningful for micro-businesses, it must address the issues in the individual insurance market where the majority of the self-employed and their workers now access health coverage.

The self-employed need health reform to accomplish the following:

- **Lower Costs:** the self-employed need immediate financial assistance with health care costs and further cost growth must be contained.
- **Create Parity:** the tax treatment of health coverage must be reformed so that all receive the same tax benefits regardless of whether coverage is purchased on their own or accessed through an employer.
- **Allow Choice:** the self-employed must have their choice of doctors, choice of plans, and the ability to choose what is best for their business and family when it comes to health coverage.



- **Increase Access:** market reforms must be implemented that will provide more coverage options for the self-employed and allow individuals to obtain coverage regardless of their health status.
- **Provide Meaningful Coverage:** the self-employed need access to quality, affordable health policies, not bare bones coverage.
- **Promote Transparency and Simplicity:** the self-employed need a health care system that makes accessing, purchasing, and utilizing health care simple and easy. Trustworthy information on costs and coverage options must be readily available.

Cost is key for the self-employed. Approximately 60% of micro-businesses, in a June 2009 NASE survey on health reform, chose cost containment as most important to them and their business. The median household income for an NASE member is \$62,500 and their business is the main source of income for the majority of our members. Thus, cost is often times the deciding factor between purchasing or forgoing coverage. Improving affordability and stability of premiums as well as providing for sustainable cost containment in the overall healthcare system must be a top reform priority.

A controversial topic as of late has been the role our government should play in our health care system. Micro-businesses strongly feel government should play the role of regulator, not provider of insurance. The self-employed overwhelming support a reform approach that is focused on private market reforms, increased regulation and tax proposals to help individuals and businesses afford quality coverage.

The NASE is here today to reiterate that our nations' smallest businesses not only want health reform but in fact, they need reform in order for their businesses to remain viable. In this time of skyrocketing deficits and a struggling economy, maybe we can't do it all when it comes to health reform, but there are options on the table that we all agree on that are vital to the success of our nations' micro-businesses.

