



News Release

PRESS OFFICE

Tuesday, Oct. 20, 2009
Press Release 09-72

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Sebelius, Mills Release New Report, *Insurance at Risk: Small Business Employees Risk Losing Coverage*

WASHINGTON – Secretary of Health and Human Services Kathleen Sebelius and Small Business Administration Administrator Karen Mills today released a new report, *Insurance at Risk: Small Business Employees Risk Losing Coverage*. The report examines the health care status quo that has left employees at risk of losing their insurance and underscores the financial difficulties small businesses face when providing health insurance to their employees. The complete report is available now at www.HealthReform.gov.

“More Americans who work for a small business have lost their health insurance coverage, and those who still have coverage have seen their costs go up,” said Sebelius. “Health insurance reform will drive costs down and make it easier for small business owners to give their employees the quality coverage they need.”

“The cost of health insurance is the number one concern of small business owners. On average, small businesses pay 18 percent more than big businesses for the same health insurance policy. This has left small business owners in an untenable situation, having to choose between their employees, who are often like family to them, and the bottom line,” Administrator Mills said. “Health care reform will provide small business owners with greater access to the affordable, quality coverage they want and need for themselves and their employees.”

The report notes:

- Employees of small businesses are 50 percent more likely to lose coverage as workers at large businesses. Half of workers in small firms that do not offer health benefits remain uninsured.
- Premiums for employer-based health insurance have more than doubled since 2000, rising three times faster than wages. As a result, fewer small businesses provide coverage for their employees. In 2000, 57 percent of firms employing less than 10 workers provided coverage. In 2009, only 46 percent of similar-sized firms provided coverage.
- In one national survey, nearly three-quarters of small businesses that did not offer benefits cited high premiums as the reason, and on average small businesses pay up to 18 percent more than large firms for the same health insurance policy. This is due in part to high broker fees (which can be up to 10 percent of premiums) and health plan administrative costs that are three to four times those in the large group market.

Health insurance reform will stabilize health insurance coverage for Americans who work for small businesses. Health insurance reform will provide small businesses with tax credits to help them provide health insurance for their employees. This will make health care more affordable for small businesses and their workers, solidifying and strengthening employer-based coverage for years to come. Health insurance reform will also create a health insurance exchange so Americans without access to affordable insurance on the job can compare prices and health plans and decide which quality affordable option is right for them. The exchange will also significantly reduce administrative costs for small businesses by enabling them to easily and simply compare the prices, benefits, and performance of health plans.

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