

The White House's Web site has a [section](#) where you can "find out what health insurance reform would mean for you and your family." It then asks you to pick your situation (e.g. "I am a small business owner") and walks through a Q and A. The answers provided by the president for small businesses don't exhibit what we believe is a fair representation of the facts and real impact on small business owners. Below are the *real* answers you need to know to those questions.

What Will the President's Proposal Mean for You? (and The Real Answers)

Q: Will I be required to provide coverage that I can't afford?

A: President's answer: No.

The real answer: Yes.

Many businesses that have 50 or more workers consider themselves (and run their operations as) small businesses. These businesses will now have to pay a penalty of \$2,000 per worker if they do not offer healthcare coverage and have workers who access the exchanges. This penalty has *nothing* to do with affordability and *everything* to do with punishing businesses for something the government has decided businesses should be forced to provide. Worse, with new mandates like these, what incentive is there for a firm to grow any bigger than 50 employees when it means employers may face such stiff fines? This approach is the exact opposite of a recipe for incentivizing job growth.

Q: Why would it be easier to provide coverage than it is today?

A: President's answer: Reform will provide at least three tangible benefits that will make it easier and cheaper for small businesses to provide coverage...

The real answer: The only thing that will make it easier to provide coverage is to make it less expensive. Cost is the No. 1 problem facing small businesses.

The real issue that the president needs to focus on is controlling costs, this is the only way to make purchasing insurance "easier" for small business. Frankly, small business owners aren't interested in placing a \$1 trillion bet on a proposal that can't assure them that their costs won't go up.

The proposal ignores ideas that small business supports that will first and foremost reduce costs, which will make it less expensive and easier for businesses to offer coverage. One real and immediate solution the president could have provided to small businesses was something we have brought up frequently but wasn't included in his proposal. It is called the Optional Free Choice Voucher. This would allow employers to give pre-tax dollars to their workers and let the worker purchase the plan that best fits their needs. This idea creates choice, portability and puts the consumer in the driver's seat, a win-win for employers *and* workers.

Q: Will I be able to pool with other small businesses to buy coverage?

A: President's answer: Yes.

The real answer: Not in a way that is any different than you do today, and not across state lines.

Current law already requires each insurer to pool small businesses (small-group plans) together at the state level. But any small business that has received a premium increase knows that doesn't lower their costs because the pools are too small to bring about savings. But if they could pool across state lines

the pools would be bigger and the savings significant. However, the president's proposal does not allow pooling across state lines. If the president wants to give greater purchasing power to small businesses, he would let them pool their own risk together across state lines to purchase insurance just like big business and unions do today.

Q: Will my employees be able to buy coverage if I cannot afford to provide it?

A: President's answer: Yes.

The real answer: Yes. But you will still be paying for it.

Healthcare coverage is not free. Someone is going to pay if there are requirements on individuals and businesses to pay into the healthcare system. As the employer, if your employees go into the exchange, you'll be left footing a portion of that bill to help cover your workers, whether or not you can afford to provide health benefits.

One of the most common refrains in the healthcare debate is that there will be plenty of tax credits to help small businesses and individuals afford coverage. Tax credits seem to have become the magic elixir that cures all that ails small business and their employees. But not everyone will receive a tax credit. Tax credits for employees (individuals and families) are only available if you meet strict income level requirements.

Q: Will my taxes go up to pay for the cost of covering the uninsured?

A: President's answer: No.

The real answer: Yes, your taxes will go up.

A nearly \$1 trillion bill that the president says "will not add one dime" to the deficit has to be paid for somehow and that means taxes. The President's proposal includes even higher taxes and fees than the Senate bill, and they fall on small businesses, including a new \$60 billion tax on health insurance, increased Medicare payroll taxes and a new Medicare tax on investments.

The new \$60 billion tax on health insurance is an especially egregious tax, since it directly and specifically hits small businesses and individuals. Big businesses and unions were specifically exempted. The penalties of \$2,000 per worker levied on small businesses with more than 50 workers who can't afford to provide healthcare (and who have workers accessing the exchange) is another indirect tax, but a fee no less. Medicare payroll taxes will also be increased by .9 percent as well as a brand new 2.9 percent Medicare tax on non-wage income like dividends, interest and capital gains.

Q: What are you going to do about all the confusing forms I have to fill out?

A: President's answer: Make it simple.

The real answer: We'll have to wait and see...

But when have you known bureaucrats in Washington to ever make things "simpler?" The fact is that the cost of complying with onerous paperwork is especially burdensome to small businesses, who lack in-house finance departments and experts. For example, the cost of tax compliance is 66 percent higher for small businesses compared to large businesses. And their isn't a good track record on this, the recently-passed Senate bill added a new reporting requirement that will be levied on small businesses as a pay-for for healthcare reform. Sadly, the president did not exclude this pay-for in his proposal.