



## **SMALL-BUSINESS OWNERS AND HEALTH CARE POLICY: NFIB HEALTH-CARE SURVEY – SUMMARY OF RESULTS**

- *The principal health care issue for small-business owners is cost.*

When asked the single most important problem facing the health care system today, 74 percent of NFIB members identify cost. Expanding coverage ranks third at 9 percent. Given a second choice, an additional 20 percent identify cost (94 percent a first OR second choice); 28 percent note expanding coverage (37 percent a first or second choice).

**Take-away – The small-business problem is cost; the political system’s problem is coverage. If the political system doesn’t help small business with cost, small business can’t help the political system with coverage.**

- *The price mechanism works to reduce health-care costs.*

Seventy (70) percent of NFIB members think that making consumers more sensitive to health care and health insurance costs will encourage consumers to use less health care; 28 percent do not think it will. Those who think prices will influence behavior say that is a good thing by a 61 percent – 28 percent margin. Those who think prices will NOT affect behavior think that is a bad thing by 32 percent – 57 percent margin. Thus, small-business owners think prices affect behavior with respect to health care and think that should happen; prices should affect behavior. They also think that the best general approach to controlling health-care costs is for individuals to shop for the best prices in health care and health insurance (49 percent). However, 17 percent think the most effective way is for employers to shop on the employee’s behalf and 28 percent would have government regulate health insurance prices (which it, effectively, now does) and health care prices (which it influences, but does not directly regulate).

**Take-away – Increasing consumer price sensitivity can reduce health care prices. Steps to increase consumer sensitivity to and awareness of health-care (insurance) prices are a good thing.**

- *It is fair to underwrite individuals on a variety of factors that influence health expenditures, particularly those involving personal behaviors.*

Seventy-six (76) percent think individual behavior that influences health outcomes should be included in the calculation of health-insurance premiums. Two obvious examples are smoking (89 percent in favor) and body mass/weight (72 percent in favor). They are less certain about other specific behaviors such as driving record (44 percent) and frequency/intensity of medical use in the last five years (51 percent). They also hold mixed views on factors such as age (51 percent – fair), location (39 percent – fair), family medical history (35 percent – fair), and credit score (16 percent – fair). However, small-business owners do NOT think any of these factors should be grounds for insurance denial by a 69 percent – 30 percent

margin. The amount small-business owners are willing to subsidize “uninsurables” through their insurance premiums was not addressed in the survey.

***Take-away*** – **Strict community rating is NOT fair (or efficient -- see above bullet). There are legitimate factors, primarily revolving around personal behaviors, which should be part of the rate calculation. But, full actuarial rating is not fair, either.**

- ***Opinion remains fluid regarding a personal health insurance mandate for those financially able.***

Fifty-seven (57) percent of NFIB members support a personal mandate requiring health insurance coverage for those financially able to purchase insurance compared to 40 percent who oppose it. However, 54 percent do NOT hold their position strongly, suggesting over half are still susceptible to persuasion one way or the other. The most common reasons to support the personal mandate (among those who do) are irresponsible behavior associated with leaving large, unpaid medical bills (47 percent) and the belief that uninsured people cause higher premiums for insured people (32 percent). The most common reasons to oppose the personal mandate (among those who do) are that it’s none of the government’s business (59 percent) and the requirement is unenforceable as a practical matter (24 percent).

***Take-away*** – **Though a majority favors it, NFIB small-business owner members do NOT have a strong position for or against a personal mandate.**

- ***Any employer role in financing health care should be voluntary.***

Fifty-eight (58) percent of NFIB members think the employer’s role should be confined to voluntary provision of employee health insurance. Another 7 percent think provision of employee health insurance should be mandatory. Still, another 3 percent favor a payroll tax of some type to finance employee health insurance. Thus, 68 percent favor employers continuing to play a role in health-care financing. Thirty (30) percent disagree; they think the employer should have NO role in financing health insurance. The larger portion of this group (23 percent) think individuals should be responsible for themselves (employers excluded), while the smaller portion (7 percent) think government should be responsible for them (employers excluded).

***Take-away*** – **NFIB members prefer the current voluntary role of employers in health-care financing. They are not prepared at this time to remove employers entirely, though they vigorously oppose an employer mandate.**

- ***The best general approach to the lack of health insurance among the working uninsured is tax credits.***

Sixty-three (63) percent of NFIB members think that tax credits are the best approach. Nothing else comes close. The second most frequent answer (11 percent) is “hands off, as people who need help typically get taken care of now.” Expanding existing government programs like Medicaid and personal mandates with subsidies for the low income each gather no more than 9 percent support.

***Take-away*** – **Small-business owners are suspicious of new and/or expanded initiatives with which they are not familiar or would get government even more deeply involved in health care. Tax credits used to purchase private health insurance is more familiar and trusted.**

- *Small-business owners are wary of subsidizing the purchase of health care, particularly when financial well-being and personal responsibility of the uninsured are unspecified.*

Forty-two (42) percent think the government, i.e., taxpayers, should financially assist those without private health insurance or Medicaid; 57 percent think it should not. If the government were to subsidize those without health insurance, however, small-business owners think a general tax increase (37 percent) or capping the employee's tax exclusion on employer-sponsored health insurance (29 percent) should finance it. Fewer think a special payroll tax (13 percent) or a tax on health insurance premiums (9 percent) makes sense. But one point reaches virtual unanimity. If such subsidies are provided, beneficiaries must pay some portion of their health-care costs regardless of how little (95 percent). Small-business owners prefer to administer the subsidies through direct payment of health-care providers (61 percent) rather than paying insurance companies to provide insurance (25 percent) or paying beneficiaries to purchase insurance (9 percent).

***Take-away*** – Small-business owners are queasy about providing health-care subsidies without strict qualification and, even then, they find such subsidies difficult to swallow. They do not trust government nor do they trust insurance companies.

- *NFIB members do NOT want the current tax exclusion eliminated nor capped, but think the tax position of those purchasing health insurance on the individual market should receive equivalent tax benefits to those in employer-based plans.*

Seventy-four (74) percent oppose elimination of the tax exclusion for employer provided health insurance, even though it is a method to lower health care prices using the market mechanism. Similarly, 57 percent oppose capping the exclusion at \$15,000 in health insurance premiums for families and \$7,500 for individuals. However, by an 80 percent – 8 percent margin NFIB members favor equalizing tax benefits for those obtaining health insurance from employers and individual purposes.

***Take-away*** – Small-business owners really don't trust government. They often will not even consider modification of a tax benefit or trade one tax benefit for another despite the fact that it may ultimately benefit them. They don't trust government to keep its end of the bargain.

- *The quality of health care is good for most Americans. Proposals that may alter quality, even if they affect cost, will be greeted with restraint.*

Sixteen (16) percent assess the quality of health care available to MOST Americans as "excellent" with another 63 percent assessing it as "good." Given these views, support for structural change within the health-care delivery system is reserved. One proposal, evidence-based medicine, would require medical practitioners to operate using a range of proven treatments or risk losing insurance reimbursement. Forty-four (44) percent oppose it, including 31 percent who consider it dangerous; 44 percent favor it. However, 71 percent favor requiring any health-care provider reimbursed by insurance to have electronic medical records.

***Take-away*** – Small-business owners think the quality of health care Americans typically receive is good, if expensive. They are reluctant to change things that they think will affect quality of care.

- *Small employers want to concentrate on running their business.*

Fifty-eight (58) percent of NFIB members offer employee health insurance, a number somewhat greater than the overall small-business population. Yet many of those who do offer it, do so reluctantly. Seventy (70) percent agree that they would really like to get out of the employee health insurance business, but don't believe they can given the current way health care is financed and delivered. Twenty-seven (27) percent even say they just wish government would take over health care so they could get out of it.

***Take-away*** – For the most part, small-business owners don't like their role in the health care financing and delivery system. They would like out, if they thought they could. Still, most are not willing to turn health care over to the government for fear government will make it worse.

- *Small-business owners offering health insurance support tax credits for providing health insurance beyond the available deduction, particularly if it is structured so the benefit positively affects them.*

Eighty-four (84) percent of those who currently offer employee health insurance favor a tax credit (57 percent favor it strongly) on top of the existing deduction to provide an employee health insurance plan. However, just 66 percent favor the credit (26 percent strongly) only for firms that do not now have employee health insurance and would keep it for at least five years. If a tax credit were targeted to covering currently uninsured low-income employees, 32 percent indicate it would lead them to cover more employees. Nine (9) percent agree strongly, the only group experience likely to take specific action.

***Take-away*** – Small employers are most likely to support proposals that positively affect them (and oppose those that negatively affect them). They are far less interested in those that do not directly affect them.

- *NFIB members would like to see a health-care system 10 years from now that pretty much reflects the current one, but with improvements.*

Fifty-five (55) percent of small-business owners prefer a health-care finance and delivery system 10 years from now that resembles the current one, with relatively modest reforms thrown in. Meanwhile, 22 percent want employers out of health care altogether. They prefer a consumer-driven system. The third option, a government take-over with everyone covered and private insurance largely eliminated, is the 10 year goal of 18 percent.

***Take-away*** – Small-business owners do not appear amenable to radical change in the American health-care system. They would like change, but have difficulty visualizing anything radically different from what we have today. This is likely true because they have not yet been persuaded that one of the other two primary alternatives is viable.