

Utah small-business owners struggling for health coverage

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The economy needs small-business owners. Small-business owners need less expensive health insurance and care. Health care providers need plans that make good economic sense.

Nobody wins until the government steps in; that, at least, is the sentiment of more than half of small-business owners in Utah who participated in a survey with the Small Business Majority, a national nonprofit advocacy group. The survey results, released Wednesday, showed that small-business owners are hurting when it comes to health insurance. Most feel like they have to choose between two bad options: don't offer health insurance, which is risky for them and their employees, or spend a disproportionate amount of money paying for health insurance, which puts the company at risk.

And many are potentially at risk. Eight in 10 small-business owners struggle to afford insurance. Seven in 10 want a choice between public and private plans.

"We know that if we're going to get out of this crisis, we need to stimulate entrepreneurship, and we need small businesses to create jobs," said Judi Hilman, executive director of the Utah Health Policy Project.

Take Jim Gueck, co-owner of A Touch of Class in Orem. He and wife Dana have run the company for 27 years; they employ mostly family members.

"When we say small, we're small," he said.

For years the company had regular health insurance that covered doctor's visits and prescriptions, but Gueck found that they could never get a good rate on premiums locked in for a long time. When they renewed every two or three years, their rates almost always went up.

"The biggest thing is that the premiums skyrocket even if you don't have any claims," he said.

A year ago they were paying about \$1,400 a month in premiums for six or seven people. The rate increase came along, and he and his wife looked at the situation and realized they couldn't keep paying those premiums and run their business. So they canceled the traditional policy and got a high-deductible plan instead.

Monthly premiums now run about \$500 a month; the money that used to go to the higher premiums now goes into a savings account to pay for visits and prescriptions. They'll also continue hoping there won't be any emergencies; Gueck said they'll pay between \$5,000 and \$10,000 out of pocket before insurance kicks in.

"You just hope you don't have a whole lot of doctor's visits," he said. "That's the only way we can exist; that's the only way most small businesses I know can exist, is that way."

This isn't a new problem for small businesses, or even unique to small businesses, said Steve Densley, president of the Provo-Orem Chamber of Commerce.

"It continues to be a major challenge for us all because every year it goes up and up and up, sometimes to the double digits and beyond," he said.

Many entrepreneurs drop their insurance coverage or choose to pay lower premiums, which means a higher deductible for visits. It becomes a safety net, he said, not something people rely on daily.

John Arensmeyer, CEO of the Small Business Majority, said they have conducted similar surveys nationwide, with similar results, for a few years. People have thought the health insurance and health care industries were broken for years, he said.

"The economy has definitely exacerbated the problem, but the problem was still very pronounced in 'good' times," Arensmeyer said.

The right answer isn't as easy as the results. About a third of the business owners surveyed didn't think government should be involved at all. Arensmeyer said for the most part small-business owners trust the government provided it plays a constructive role in the process; the concern of those people in Utah may be that they do not trust the government.

"You've got a minority of people who want the system changed but they have some skepticism about government, and you're seeing that in the 38 percent," he said.

Many people do want government involvement, but what that involvement will look like will take many meetings at the state and national levels. It could take the form of a facilitated exchange, which would allow individuals and small-business owners to pay into a system and get insurance through that exchange. It could involve government creating a competitive insurance plan. Whatever it looks like, it needs to pay for itself, Hilman said, not just suck money from the federal government.

"I think that's what is going to be exciting at this attempt at comprehensive reform, is we're going to find a way to go after a lot of the waste in the system," she said.

For more information about the report, go to www.utahhealthpolicyproject.org or www.smallbusinessmajority.org.

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The survey numbers

- **79 percent** of business owners who pay for some or all of their employees' health insurance agree that their business is struggling to afford the cost of health coverage.
- **74 percent** agree that more people would become entrepreneurs and start businesses if they knew that they could get health insurance despite their pre-existing health conditions.

- **80 percent** support the proposal to establish a health insurance pool to create a marketplace where small businesses and individuals can choose their coverage.
- **68 percent** agree the state and federal government must be partners in reforming the health system.
- **64 percent** agree health care reform is important for getting the economy back on track.
- **55 percent** believe the government should be involved somehow in the reform.
- **79 percent** want to eliminate pre-existing condition rules.
- **57 percent** believe their company has a responsibility to provide health coverage.

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