



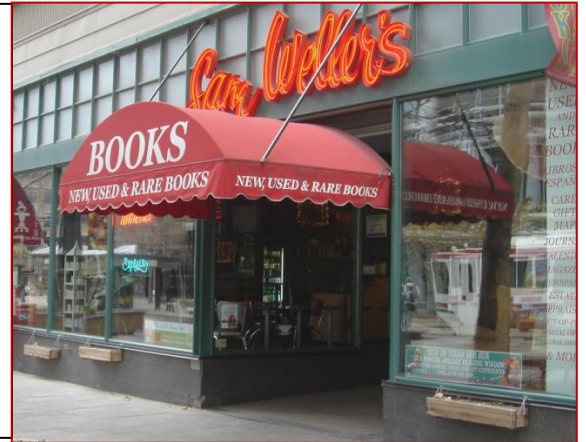
## Small Business Owners

# SPEAK UP

***Local business owner puts employees' needs first over profit margin by “doing the morally right thing” and offering health care coverage.”***

### **Tony Weller, Sam Weller's Books**

Local business owner Tony Weller struggles to remain competitive while offering health insurance to his employees. His national retail competitors are able to offer bargain prices to customers in part because they don't offer insurance to their staffs. As premium costs continue to rise, Tony's younger employees opt out of coverage, compounding the problem of rising premium costs for his business.



### ***Local business is losing its competitive edge by offering employees health insurance***

A gem in the downtown scene, Sam Weller's Bookstore finds it increasingly difficult to keep costs down for their customers while providing their employees health insurance. Weller's can only afford to cover 50% of the health care premiums for his employees. The result is that more and more of his employees are opting out of the program, leaving higher costs for those that remain in the pool.

*“Each year we are slapped with higher costs, and it's becoming more difficult to find comparable bids. We are not a huge company, and we have a demographic of older employees.”* The younger employees choose to go without, while the older employees pay the increased costs.

But even more unsettling for this small business owner is that he is in constant competition with the national retail chains that choose not to provide health care coverage to their staff. *“We are doing something that very few retail stores do, and that is hurting our bottom line.”* If Tony continues to see double-digit increases in health care coverage, he may be faced with a very tough decision, one which no business owner should be faced with: drop health care coverage for his employees or risk shutting down his store.

### ***Policy Solution: Sharing risk as a community***

Community rating would be an effective tool to control Weller's premium costs so that he can compete with corporate bookstores in the area. Community rating works by limiting the criteria insurers can use to determine premiums, thus preventing people with high risk profiles from being priced out of or denied coverage. This solution would only be effective in combination with a requirement on all individuals to purchase insurance. Since the young and healthy adults are less likely to be insured, bringing them in a “community rated” market will lower the costs for everyone helping to stabilize the private insurance market.