

**Written Testimony
Of**

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Before the
U.S. Senate Committee on Small Business and Entrepreneurship
Wednesday, November 20, 2013

Madam Chairperson, members of the committee, thank you for the opportunity to speak with you today about the effects of the Affordable Care Act on my small business and our experience with the Colorado State Insurance Exchange.

I'm the owner and operator of Flatirons Practice Management. We're an independent medical billing company in Boulder, Colorado. We provide medical billing and practice management services to several hundred healthcare providers in eight states. I currently employ 33 full-time personnel. Obviously, we're well below the employer mandate threshold of 50 FTE's yet we provide company-paid health insurance to our employees anyway under a small-group plan and have for many years. We do so because we can and we feel that it's the right thing to do. I myself worked as an employee for other companies before choosing self-employment and I relied on my employers for access to health insurance.

Unfortunately, it's been increasingly hard for me to continue to provide health insurance for my employees. Second only to payroll, health insurance is our next largest expense. Even with annual inflation rates in the one to two percent range, our premiums have increased every year by 20 percent or more. As much as I wish I could simply pass this along to my customers, they too are experiencing the same pressures to manage rising expenses in their small businesses. We've done some creative things over the years to reduce the magnitude of the premium increases while maintaining the integrity of our coverage and have been successful in continuing to pay for 100% of the cost of the premiums for

our employees. One such tactic was to select an insurance policy that covers only generic pharmaceuticals. Anyone who requires a pharmaceutical that is only available as a brand name product has to purchase it out-of-pocket. As a result of the Affordable Care Act, our carrier has discontinued this policy as it does not meet the minimum standards as stipulated under the law. Due to this one change, our premiums are now scheduled to increase by 52.3% in January 2014. Clearly, absorbing this expense in order to continue to provide the same benefit to my employees is entirely unrealistic. I will have no choice but to require my employees to contribute substantially to the cost of their premiums. The irony is that none of my employees currently take any brand name prescription drugs or expect to in the foreseeable future. This law has turned what was a potential expense for my employees into a guaranteed expense for my employees for something they neither need nor want.

Since the Affordable Care Act is what caused this problem for me, I decided to embrace it and turned to the state SHOP insurance exchange in hopes that it would provide me with more affordable and appealing options. The first obstacle I encountered was that the website would not allow me to create an account. After my fourth failed attempt, I initiated an on-line chat with one of the exchange support personnel and was told after close to an hour of waiting that they were having technical difficulties with creating accounts and I should try again later.

I did eventually create an account and download the census template. I then began the frustrating experience of attempting to upload the census. I tried unsuccessfully several times and received nonsensical errors such as "wrong file type" when the file I was attempting to upload was the very template that I downloaded from the website. After initiating my second on-line chat, it eventually came out that my web-browser might be at fault. I find it unfortunate that the website didn't disclose any browser limitations before I wasted yet another hour spinning my wheels. Upon switching browsers, I was able to get the website to acknowledge the file I was attempted to upload but it

ultimately rejected the file on the basis that the date of hire field wasn't formatted correctly. My third on-line chat resulted in validation that my data was in fact formatted correctly and the website was again experiencing technical difficulties. Growing increasingly impatient, I resorted to having my assistant manually type the information into the website. What should have taken us minutes to complete instead took us hours.

Having finally uploaded our census, I received 34 insurance plan options from which to choose. I found it challenging to objectively compare and contrast them with our current plan and its 2014 equivalent because we currently offer a tolerable \$750 annual deductible to our employees and the lowest annual deductible available to us under the state exchange is \$1,500. In short, the only way we can markedly reduce the cost of our health insurance through the state exchange is to select a policy with a dramatically higher deductible thus shifting the financial burden from me to my employees. Frankly, I could do this on my own without the assistance of the exchange and have consciously chosen not to pursue high deductible plans in the past because of the financial strain that it would create for my employees. Instead, we opted to make concessions that didn't cause a financial strain such as forgoing brand name pharmaceuticals.

On the surface, my company stands to benefit from the Affordable Care Act on the basis that more people will consume healthcare services provided by my clients thus resulting in more business for me. But this theory hinges on the affordability of the insurance available to the populace. If my experience is any indication of the unintended consequences of this law, it would appear that the Affordable Care Act accomplished the polar opposite of what the law was designed to do.

Thank you for your attention.