

**Olympia J. Snowe**  
**Opening Statement for Small Business Committee Hearing:**  
**“Alternatives for Easing the Small Business Health Care Burden”**  
**February 13, 2007**

Thank you, Senator Kerry, for chairing this hearing on the small business health insurance crisis so early in this session. In our leadership roles on this Committee, we have worked closely together attempting to find solutions to this *critically important issue* and I would be pleased to continue to work together with you, Mr. Chairman.

I'd like to especially welcome this morning, Tarren Bragdon, Director of Health Reform Initiatives at the Maine Heritage Policy Center. Tarren has traveled from Augusta, Maine, to discuss ways to encourage small businesses to offer health insurance to their employees – including regional small business health plans. *Thanks for joining us today, Tarren!*

We are gathered here this morning to once again discuss various ways of addressing the small business health insurance crisis. Frankly, now is a time for *action*, not words. It is incumbent upon this Congress to think “outside of the box” to solve this crisis. We need to consider *all* options on the table, including a number of state reforms like the recently passed Massachusetts plan.

We're at a *critical juncture* on this issue. The United States has the greatest health care system in the world, and yet nearly *47 million Americans* are uninsured. Our goal ought to be providing health care access for all, and that means greatly expanding coverage so that we can significantly reduce our nation's uninsured.

We need to figure out how to solve the persistent criticisms that have bogged down small business health insurance legislation in Congress. We need to address how to allow health insurers to provide lower-cost products

to small businesses across state lines while maintaining the most widely accepted and necessary benefits and services. We need to address questions of how to “rate,” or price, these products – and also how this can be done in a uniform manner, without jeopardizing consumer protections. And we should do all this without injuring existing health insurance markets in the states.

Plain and simple, Congress must bring up small business health insurance legislation *this year*, in a bipartisan, comprehensive way that can secure significant bipartisan support. Small businesses are the engine that drives America’s economy, creating nearly 75 percent of all new jobs each year, and yet they are shunned like the *pariahs* of the insurance market.

If there’s one concern we’ve all heard *time and again*, it’s the exorbitant cost to small businesses of providing *health insurance* to their employees. In fact, small business owners in *all fifty states* have cited health insurance costs as their *number one concern*. Health insurance premiums have increased at double-digit percentage levels in four of the past six years – far outpacing inflation and wage gains. According to the Kaiser Family Foundation, last year the average health policy for an individual was \$4,242; the average family plan cost \$11,480.

As we all know, these *sharply* rising costs are leading fewer and fewer small businesses to offer health insurance to their employees. According to Kaiser, in 2002, 58 percent of our nation’s smallest businesses, those with less than 10 employees, offered health insurance. In 2004, only 52 percent were able to offer their employees health insurance. Today, just 48 percent of our smallest businesses are now able to offer health insurance as a workplace benefit. As you can see, that’s a 10 percentage point reduction over the past five years. *Clearly, we’re heading in the wrong direction here!*

The fact is, as we well know, small group markets like here in Maine have no real competition. No competition means higher costs. And higher costs mean no health insurance. I recently requested a GAO Report that revealed an *alarming* consolidation in the state small group markets. Across the country, the largest insurers now control 43 percent of the small group markets, and the five largest insurers today now have more than a 75 percent market share in 26 states – and they control *98 percent* of the small group market in Maine! At the same time – and not coincidentally – some Maine small businesses have witnessed an increase in premiums of over 50 percent...*50 percent!* And, to top it off, 28 percent of Maine small businesses have reduced health benefits and 8 percent have dropped coverage altogether!

This is simply unacceptable and is nothing short of a *crisis* – but it’s a crisis that *can* be fixed, *now*. I have been a longstanding champion of Small Business Health Plans and I have introduced legislation in the past two Congresses that would allow small businesses to “pool” together, across state lines, and offer uniform health insurance plans to their employees, at significantly lower costs. I firmly believe that Small Business Health Plans are a critical solution to the small business health insurance crisis, and I thank Senator Enzi for all of his *tremendous* efforts in getting legislation passed through the HELP Committee last year, and for having them considered on the Senate floor for the first time ever.

Moving forward, we need to leave *no stone unturned* in our search for solutions to this crisis. For example, we should examine ways to use the tax code as a mechanism for increasing access to health care and injecting competition into the state small group markets. This is why I am currently working with a number of my colleagues in the Senate Finance Committee – *including Senator Lincoln* – to fashion a bipartisan bill that will pass the Senate and be signed into law. In addition, Finance Committee Chairman Baucus has announced that we will soon consider small business health

**insurance in the Finance Committee – and I look forward to a robust productive debate there.**

**Additionally, I have introduced, with Senators Bond and Bingaman, legislation to enable more small business owners to offer a choice of a “cafeteria plan” that allow employees to purchase health benefits with tax-free dollars. Our bill would simplify complex rules and provide more small businesses greater flexibility to meet the health care needs of their employees.**

**We should also consider to monitor how Health Savings Accounts (HSAs) can help reduce the number of uninsured in this country. I am impressed that approximately 3.2 million consumers currently receive health coverage through high-deductible health insurance plans offered in conjunction with HSAs. Given the positive response to HSAs, we should work together to strengthen them and make them even more effective in assisting individuals to gain coverage and control costs.**

**In closing, access to affordable health insurance remains the top priority for small business – in Maine and Massachusetts and across the country. Congress must take action to provide relief from skyrocketing health insurance premiums and to cover America’s nearly 47 million uninsured. I look forward to hearing the thoughts and opinions of this panel.**