

The Small-Business community needs substantial relief from health care costs. Over the last two decades, health care costs have been steadily increasing and, absent reform, will continue to do so at an unsustainable pace.

According to the Kaiser Family Foundation (KFF) 2024 Employer Health Benefits Survey, 53 percent of small firms and 98 percent of large firms offer health benefits to at least some of their workers.

- The average family premiums for small firms have steadily increased over the last decade: from \$15,849 in 2014 to \$25,167 in 2024.
- Despite the cost, small firms are increasingly doing more for their employees when it comes to health insurance costs: 37 percent (up from 27 percent in 2020) of covered workers in small firms have an employer that pays the full premium for single coverage.

True relief can only be achieved through a broad reform of the current health care system with a goal of reducing the cost of coverage, providing universal access, focusing on individual responsibility and empowerment, creating the right market-based incentives, and a relentless focus on improving quality while driving out unnecessary, wasteful, and harmful care.

WORKING SOLUTIONS

Needed elements to improve the quality of care include:

- Transparency is crucial to help patients make informed choices and must be utilized.
- Policymakers should prioritize health care quality and consumer empowerment.
- Allow the self-employed to fully deduct the cost of their health insurance premiums—currently they cannot, resulting in an additional 15.3 percent tax no other business owner or worker pays.
- The maximum 3-to-1 ratio for premiums has driven up rates for the young and otherwise uninsured—a 5-to-1 ratio would provide much-needed relief and keep costs down for younger employees.
- The employer mandate creates uncertainty, enormous administrative burdens and financial unpredictability for both firms and employees—while doing virtually nothing to expand coverage—and should be repealed.
- The arbitrary limits on the provisions of Health Savings Accounts and Flexible Spending Accounts need to be reformed and expanded.
- Congress should enact much-needed medical malpractice reform in order to promote greater access to more affordable, high-quality health care.

How Small Businesses deal with health insurance increases.

