

Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions

Introduction

Small businesses are rebounding from issues stemming from the pandemic, but rising healthcare costs are hurting their bottom lines and limiting their growth. New opinion polling reveals that small business owners strongly support policy solutions that lower costs by banning dishonest billing practices, increasing transparency and promoting competition in the healthcare industry.

The poll reveals that most small business owners report that their costs for insurance premiums, deductibles, copays, prescription drug copays and hospital visits have risen over the past few years. As a result of these increasing prices, they are moving to different insurance plans with less coverage, increasing employee contributions to health plans and cutting other employee benefits. Some have even had to drop health coverage altogether.

They are strongly supportive of a number of bipartisan solutions being considered by Congress that would tackle rising costs, level the playing field and increase competition, particularly within the hospital and pharmaceutical industries. In particular, small businesses believe that healthcare providers should be required to publicly post the prices they charge for services. Additionally, they think the government should ban “facility fees” and unfair billing practices, set limits on what hospitals can charge for particular services, and have greater authority to block mergers and acquisitions in the healthcare industry.

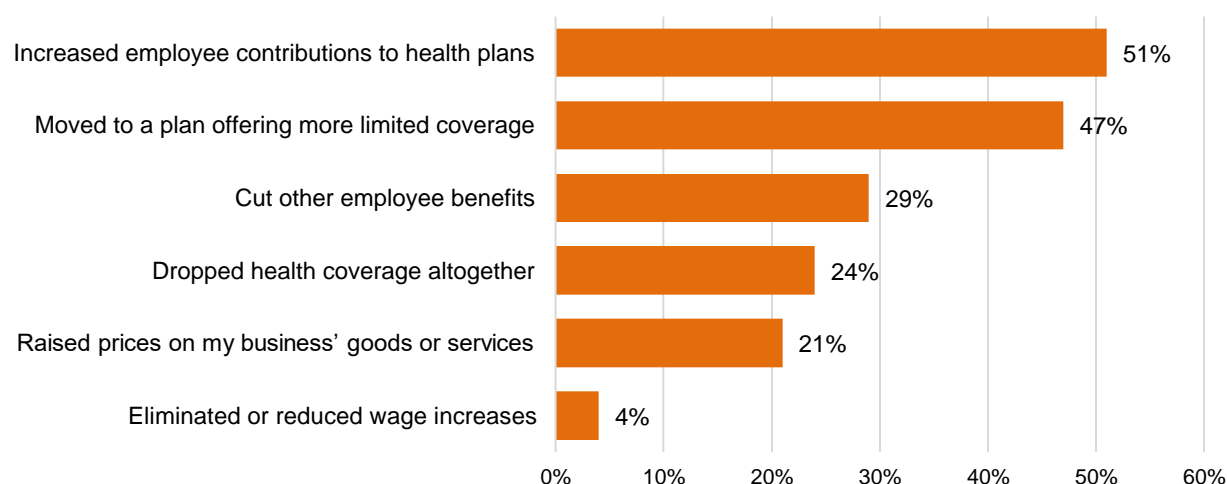
Small businesses need access to high-quality, affordable healthcare to thrive, and rising costs are limiting their potential. The ever-increasing cost of care poses a significant challenge to their ability to grow their business and offer a crucial benefit to their employees. Entrepreneurs need Congress to take action on healthcare costs and transparency so they can focus on growing their businesses and continue to offer coverage to their employees.

Small businesses struggling with rising health costs

Ninety-five percent of small business owners have health insurance coverage for themselves, which they obtain through a group plan offered through their business (29%), through their spouse or partner’s health insurance (20%), through a plan they purchased on the individual healthcare exchange (19%), Medicare (21%) or Medicaid (6%). Of the small businesses that have employees, 53% offer a group plan, 25% reimburse individual healthcare coverage via a health reimbursement account (HRA) and 22% do not offer health insurance.

Over the past few years, healthcare costs have risen. Small businesses that offer health coverage to their employees report that the cost of insurance premiums (78%), deductibles (57%), copays (60%), prescription drug copays (60%), and hospital visits (59%) have increased. These rising costs have forced many entrepreneurs to make changes to their healthcare offerings. Employers were most likely to increase employee contributions to health plans (51%), move to an insurance plan offering more limited coverage (47%) and cut other employee benefits (29%). Notably, nearly one-quarter (24%) of small businesses dropped health coverage altogether. They’ve also had to raise prices on their goods and services (21%) and eliminate or reduce wage increases (4%).

Figure 1: Steps small business owners have taken to address rising healthcare costs

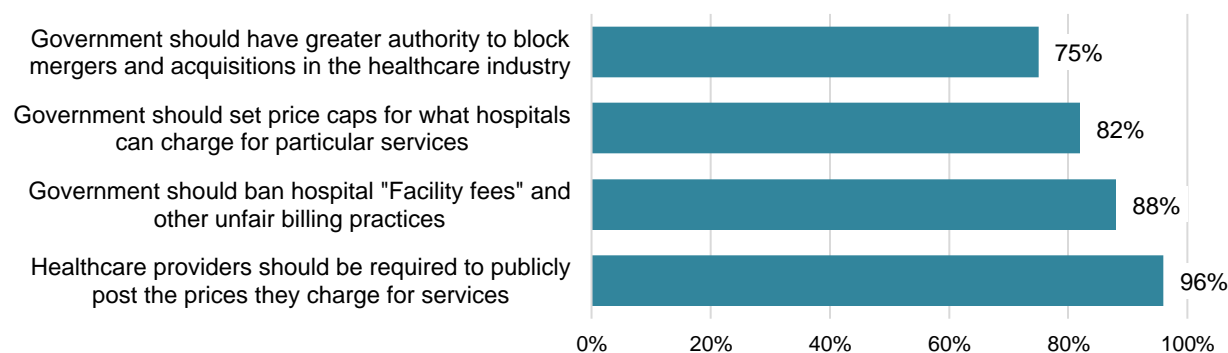


Small businesses support policy solutions to bring down costs

Small businesses believe insurers (56%), hospitals (54%) and drug companies (47%) are responsible for the recent healthcare cost increases. Additionally, a majority of entrepreneurs (58%) say they have been charged a hospital “facility fee” in addition to other charges on their hospital bill.

To control the rising cost of care, small business owners overwhelmingly support several policy solutions, many of which have bipartisan support among policymakers. Most small business owners think that healthcare providers should be required to publicly post the prices they charge for services while nearly 9 in 10 also believe that the government should ban hospital “facility fees” and other unfair billing practices. Additionally, the vast majority of entrepreneurs say that the government should set limits on what hospitals can charge for particular services and that the government should have greater authority to block mergers and acquisitions in the healthcare industry. Furthermore, 78% agree that Medicare should reimburse hospitals the same price for the same service, regardless of where the service was performed while only 3% disagree.

Figure 2: Small business owners support policy solutions to control healthcare costs



Small businesses say drug prices are too high

In addition to rising healthcare costs, small businesses are also contending with prescription drug affordability. More than three-fourths (76%) of entrepreneurs think that prescription drug prices in America are too high. To bring prices down, they support several policy solutions. Nearly 3 in 4 (73%) small business owners believe that the government should create commissions comprised of healthcare experts and other experts to set upper price limits for certain drugs.

Additionally, entrepreneurs overwhelmingly agree (84%) that drug companies should be required to justify their prices by disclosing how much they spend on research, manufacturing and marketing and how much they are making in profits, while only 4% disagree. Eighty-three percent of small businesses think that states should use their purchasing power to negotiate lower drug prices for Medicaid plans and insurance marketplaces, while only 4% are opposed. Furthermore, more than 8 in 10 (83%) small business owners believe that it should be illegal for a drug company to pay another company that makes generic drugs to delay the release of a generic drug, while only 2% of business owners disagree with this statement.

Methodology

This poll reflects a survey of 318 small business owners and decisionmakers nationwide. The poll was an online survey conducted Jan. 5, 2024 via SurveyMonkey's online panel. The margin of error is +/- 5% at 95% confidence level.

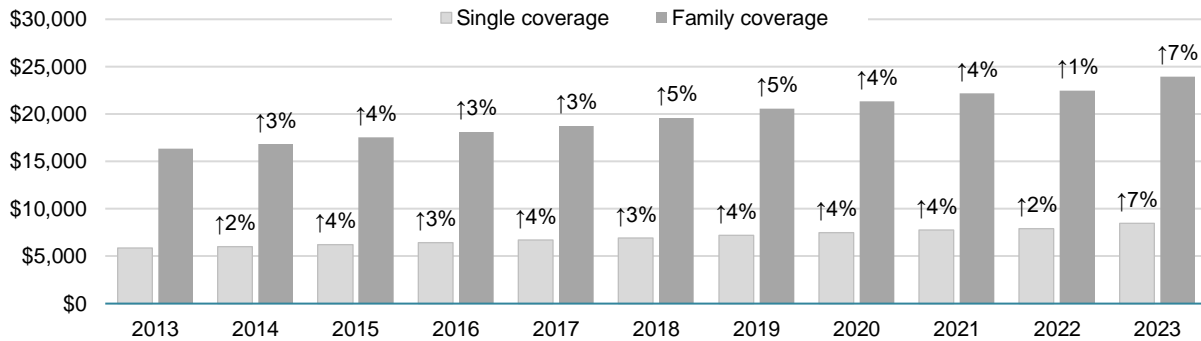
Download report topline from our website:

<https://smallbusinessmajority.org/our-research/healthcare/small-businesses-struggling-rising-healthcare-costs-support-bipartisan-policy-solutions>

Appendix

Small businesses have long struggled to be able to afford to offer health insurance plans to their employees. Using Census data, Small Business Majority analyzed where employees of small firms get their healthcare coverage nationally and in California, Colorado, Georgia and Illinois.

Health insurance premium increases of employer-sponsored coverage, 2013-2023



Source: KFF. "KFF and Kaiser/HRET Annual Surveys of Employer-Sponsored Health Benefits."

<https://www.kff.org/interactive/premiums-and-worker-contributions-among-workers-covered-by-employer-sponsored-coverage>

Breakdown of health insurance coverage types among U.S. private sector workers by firm size

Type of coverage	Individuals employed by small businesses *	Individuals employed by large businesses **
Employer-based coverage ***	55%	78%
- Policy holder	34%	59%
- Not policy holder	22%	18%
Medicaid	14%	9%
Medicare	7%	5%
Marketplace coverage	6%	2%
No coverage	16%	7%

Breakdown of health insurance coverage types among California, Colorado, Georgia, and Illinois private sector workers by firm size

Type of coverage	Individuals employed by small businesses *				Individuals employed by large businesses **			
State	CA	CO	GA	IL	CA	CO	GA	IL
Employer-based coverage ***	50%	58%	50%	60%	77%	81%	77%	82%
- Policy holder	33%	34%	30%	38%	63%	60%	62%	60%
- Not policy holder	17%	24%	20%	22%	15%	21%	15%	22%
Medicaid	22%	16%	6%	13%	13%	7%	6%	8%
Medicare	6%	8%	6%	9%	4%	7%	4%	5%
Marketplace coverage	7%	3%	9%	4%	2%	1%	3%	<1%
No coverage	13%	15%	24%	16%	5%	6%	10%	5%

* Private firms with under 100 employees | ** Private firms with 100 or more employees

*** Individuals covered under their own or another party's employer-based insurance

Source: United States Census Bureau. "Current Population Survey: Annual Social and Economic Supplement, March 2023."

<https://data.census.gov/mdat/#/search?ds=CPSASEC2023>