Healthcare Costs and Small Business: A Bipartisan Concern and Call for Action

December 13, 2023
Small Business for America’s Future is a national coalition of business owners and leaders working to provide small businesses a voice at every level of government.

We’re committed to ensuring policymakers prioritize Main Street by advancing a just and equitable economic framework that works for small business owners, their employees and their communities.
Key Findings
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Between Nov. 8 - Dec. 4, 2023, Small Business for America’s Future conducted a national survey of 1,015 small business owners to gauge their sentiment about how the rising cost of healthcare has unveiled critical insights into the challenges and perspectives surrounding healthcare costs. Notably, the survey reflects a nearly equal representation of Republican (25%) and Democrat (28%) respondents, revealing a bipartisan concern and consensus on the issue.

- This balanced political representation underscores the universal nature of healthcare challenges among small businesses, transcending traditional partisan lines and emphasizing the broad-based demand for effective policy solutions.

- Survey respondents said the cost of doing business was the top challenge facing their business, and managing and reducing healthcare costs is their top legislative priority.

- This emphasizes the critical need for policy interventions that address the rising costs of healthcare, which is a major financial burden for small businesses.
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Key Insights

Health Insurance Benefits

● A stunning 62% of respondents do not offer health insurance, mainly hindered by the high cost (60%), emphasizing the necessity for affordable healthcare options.

Increase in Healthcare Premiums

● A significant 90% experienced increased premiums last year, with nearly one in four facing more than a 15% hike, indicating the severity of rising healthcare costs.

Impact of Healthcare Costs on Business Bottom Line

● 81% of the small business owners surveyed indicated that healthcare costs have an impact on their business's bottom line (46% say the impact is significant).

● This substantial percentage highlights the critical financial burden that healthcare expenses place on small businesses, affecting their overall financial health and capacity for growth and development.
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Specific Impact on Business Operations

- Small business owners surveyed said high healthcare costs have constrained growth (34%), hiring (27%), and led to price increases for goods/services (33%).

Perception of Healthcare Market

- A significant majority, approximately 67%, believe that the current healthcare market is not functioning effectively and requires a major overhaul. This strong consensus reflects widespread dissatisfaction with the current state of healthcare pricing and delivery, emphasizing a call for substantial reform.

Legislative Solutions

- There's considerable support for legislative measures like price transparency (77%), site-neutral billing (76%), facility fees (74%) and regulating anti-competitive practices (76%).
Survey Results
Q1: Are you a small business owner?
Q2: Not including yourself, how many employees do you have?
Q3: In the next 12 months, do you plan to hire more employees for your business?

- Yes: 47%
- No: 28%
- Unsure: 24%
Q4: Which one of these do you consider the biggest challenge facing your business?

- The rising cost of doing business: 34%
- Attracting and retaining quality employees: 16%
- Lack of access to capital or credit: 16%
- The cost of providing health insurance to employees: 14%
- Competition from big businesses and corporations: 11%
- Local, state and federal taxes: 6%
- Government regulations: 4%
Q5: Does your business currently offer health insurance to employees?

- Yes: 62%
- No: 38%
Q6: Why do you not offer health insurance to your employees? (Select all that apply)

- The cost of providing health insurance is too high: 60%
- Employees are all contractors: 24%
- Other (please specify): 23%
- Employees would rather have the money that would go toward health insurance go to their pay: 17%
- Administration of healthcare plans is time consuming and complicated: 12%
Q7: Have healthcare premiums for your business increased in the past year?

- Yes: 90%
- No: 7%
- Unsure: 3%
Q8: By how much have the healthcare premiums for your business increased in the past year?
Q9: Are you considering any changes to your healthcare benefit offerings in the next year?

- No changes planned: 62%
- Adding health benefits for the first time: 13%
- Changing providers: 7%
- Moving to a higher deductible plan: 5%
- Increasing the share my employees have to contribute to their benefits: 5%
- Removing health benefits entirely: 3%
- Reducing coverage: 3%
- Increasing coverage: 2%
Q10: How does the cost of healthcare affect your business? (Select all that apply)

- 34% Delayed growth opportunities for my business such as foregoing purchasing equipment, reducing budget in other areas of the business, or not taking investment opportunities
- 33% Increased prices of services or goods
- 27% Held off on hiring a new employee
- 24% Have become less competitive in hiring compared with other businesses that provide health benefits
- 15% The impact of rising health insurance costs does not impact my business
- 12% Other (please specify)
- 7% Reduced workforce/laid off an employee
Q11: How would you rate the impact of healthcare costs on your business's bottom line?

- 46% No impact
- 35% Some impact
- 19% Significant impact
Q12: Generally speaking, which of the following statements is closest to how you feel about the way the current market is pricing the cost of healthcare?

- 67%: The current market is not working at all and is in need of a major overhaul
- 25%: The current market has some problems but only needs minor changes
- 8%: The current market is operating as it's supposed to in a free market economy
Q13: Below are some of these proposed legislative solutions. Please indicate your level of support for each.

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Strongly support</th>
<th>Somewhat support</th>
<th>Note sure/ No opinion</th>
<th>Somewhat oppose</th>
<th>Strongly oppose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislation to limit the prices that large hospital systems can charge</td>
<td>57%</td>
<td>19%</td>
<td>15%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>Legislation requiring hospitals to fully disclose the prices they charge before services are provided</td>
<td>77%</td>
<td></td>
<td>13%</td>
<td>8%</td>
<td>1%</td>
</tr>
<tr>
<td>Legislation to ensure hospital-owned clinics cannot charge more than doctors' offices when they provide identical outpatient services</td>
<td>71%</td>
<td>14%</td>
<td>9%</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Legislation to prevent hospitals from engaging in anti-competitive business tactics that can lead to increased prices</td>
<td>76%</td>
<td>13%</td>
<td>8%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Legislation to restrict aggressive billing practices by hospitals against patients who cannot afford to pay their bills</td>
<td>66%</td>
<td>17%</td>
<td>11%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Legislation to prevent or regulate hospital mergers and acquisitions that could create monopolies, thereby reducing patient choice and potentially driving up prices</td>
<td>67%</td>
<td>16%</td>
<td>12%</td>
<td>2%</td>
<td>3%</td>
</tr>
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</table>
Q14: Hospitals often include facility fees on top of the charges for the actual medical services they provide, in order to account for their overhead. With the growth in hospitals acquiring physician practices, these fees are now sometimes applied even in outpatient and physician office settings under hospital ownership. Would you support or oppose legislation that prohibits hospitals from charging facilities fees for things like telehealth services, healthcare services delivered in hospital-owned outpatient facilities or healthcare services performed within the hospital that could be safely conducted in an outpatient setting?
Q15: Informed decisions can lead to fewer unexpected costs. How important is it for hospitals to clearly disclose facility fees to patients before they receive care?
Q16: Medicare reimburses some hospital-owned clinics at a higher rate for particular services compared to independent clinics. How important is it that the government ensures uniform reimbursement rates for similar services, irrespective of clinic ownership?
Q17: One idea to potentially help stabilize healthcare costs is known as "site-neutral billing," where the charge for certain medical services remains consistent regardless of where they are provided. How do you view this proposal in terms of its potential to influence healthcare costs?

- Strongly support: 52%
- Somewhat support: 24%
- Neutral or unsure: 17%
- Somewhat oppose: 4%
- Strongly oppose: 3%
Q18: The federal Hospital Price Transparency rule requires hospitals to make public their standard charges for the care they provide. However, more than two years after this rule took effect, many hospitals across the country remain out of compliance with the federal rule. Do you believe that stricter enforcement is needed to ensure price transparency among hospitals and other healthcare providers?

- Yes, definitely: 76%
- Perhaps: 19%
- No, current enforcement is sufficient: 2%
- No, there is too much enforcement already: 1%
Q19: As a business owner, do you think there is enough transparency in pricing for you to make an informed decision about the healthcare benefits you offer?

- No, I don’t think there is enough transparency in pricing for healthcare benefits for me to make informed decisions: 68%
- Yes, I think there is enough transparency in pricing for healthcare benefits for me to make informed decisions: 14%
- Unsure: 17%
Q20: How do you believe that greater price transparency would impact the cost of healthcare?

- 69% believe greater transparency in prices for healthcare would help lower costs
- 18% believe that greater transparency in prices for healthcare would have no impact on healthcare costs
- 13% don't know

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Q25: In your opinion, which of the following issues should lawmakers prioritize to best support small businesses?
Demographic Data
Q25: What is your age?

- 18-24: 0%
- 25-34: 1%
- 35-44: 10%
- 45-54: 24%
- 55-64: 39%
- 65+: 26%
Q26: How do you identify yourself?

- White or Caucasian: 49%
- Black, African or African American: 22%
- Prefer not to answer: 10%
- Hispanic, Latino: 9%
- Asian American/Pacific Islander (including Japanese American, Korean American, Filipino American, Southwest Asian American, Vietnamese American, and Chinese American): 6%
- Multiracial, Other: 4%
- Native American or Alaska Native: 1%
Q27: Which best represents how you typically vote in elections?

- Democrat: 28%
- Independent: 21%
- Republican: 25%
- Other: 4%
- Don't know/Prefer not to say: 22%
Q28: Do you more often vote for democrats or republicans?
Q29: What is your gender identity?

- Male: 50%
- Female: 43%
- Prefer not to say: 7%
- Non-binary/ non-conforming: 0%
- Transgender: 0%
Survey Methodology

Methodology:
Survey Monkey survey of Small Business for America's Future small business network
Fielded Nov. 8-Dec. 4, 2023

1,015 Total Responses