Survey: Small Business Owners Say High Drug and Healthcare Costs are an Urgent Problem That is Keeping Them From Growing

May 18, 2021
About Small Business for America’s Future

- 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.
High prescription drug costs, and healthcare costs in general, are an urgent problem for small businesses that have delayed growth opportunities

- From April 17 - May 5, 2021, Small Business for America's Future conducted a national survey of 1,052 small business owners in its network to learn about their opinions on the costs of prescription drugs and healthcare as well as potential solutions to bring those costs down.
- 89% of small businesses said the costs of prescription drugs is too high and 63% have an unfavorable view of pharmaceutical companies.
- 75% of small business owners providing health coverage to employees say their healthcare costs have increased over the last four years, 48% have seen significant increases of 7% or more.
- Nearly one in three small business owners providing health coverage to employees have considered dropping it—the vast majority (78%) because costs are high.
- This is an urgent issue for small business owners and 87% believe is it important (71% very important) that the Biden-Harris Administration and Congress take action to lower prescription drugs costs.
Healthcare costs are having negative impacts on small business growth and hiring

- 55% of small businesses providing coverage to employees say the rising costs of healthcare have delayed growth opportunities for their business
- 40% of small businesses providing healthcare coverage to employees have increased the costs of goods and services as a result of their rising healthcare costs
- More than a third of small businesses providing healthcare coverage to employees have held off on hiring a new employee as a result of their rising healthcare costs
- More than a third of small businesses providing healthcare coverage to employees have changed or reduced their healthcare coverage as a result of their rising healthcare costs
- 15% of small businesses providing healthcare coverage to employees have reduced their workforce or laid off an employee as a result of their rising healthcare costs
Small business owners are open to many solutions to bring down prescription drug costs

- 66% of small business owners surveyed say the current prescription drug market is not working and is in need of a major overhaul and 93% overall think the market need changes
- More respondents (a 42% plurality) are concerned that the Biden-Harris Administration and Congress would not go far enough in acting to bring down prescription drug costs than the number (27%) who were concerned they would go too far
- 82% say it’s time for the government to limit unjustified price increases to no more than inflation and 79% say lower drug prices will not hurt industry’s ability to develop new treatments and cures
- Every solution to bring down prescription drug costs tested gained majority support. They include:
  - 89% support for capping out-of-pocket prescription drug costs for seniors in Medicare
  - 85% support for adopting policies that eliminate anti-competitive behaviors and patent abuses that extend brand drug monopolies that block price competition
  - 85% support allowing Medicare to negotiate directly with drug companies on drug prices for seniors and people in private insurance
  - 81% support for prohibiting drug companies from raising drug prices faster than inflation
Survey Results
Q1: Are you a small business owner?
n=1,052

Yes
Q2: Not including yourself, how many employees do you have?

n=1,052

- Self Only: 29%
- 1-5: 45%
- 6-10: 12%
- 11-30: 9%
- 31-50: 3%
- 51-100: 1%
- 101-200: 1%
Q3: Do you provide health insurance as a benefit to your employees?
n=1,052

- Yes: 35%
- No: 65%
Q4: (If yes to Q3) Have you thought about no longer providing health insurance for your employees?

n = 364
Q5: (If yes to Q4) What is the reason? Check all that apply.

n=106
Q6: Please estimate how the healthcare costs of your business have changed over the course of the last four years:
n= 364

8% Costs have decreased
17% Costs have stayed about the same (increased between 0-2%)
27% Costs have increased moderately (3-6%)
48% Costs have increased significantly (+7%)
Q7: What is the impact of rising health insurance costs on your business? (Check all that apply)
n= 335

- Delayed growth opportunities for my business: 55%
- Increased employee costs, deductible, or share of the premium: 53%
- Changed on reduced health benefits for employees: 35%
- Held off on hiring a new employee: 37%
- Increased prices of services or goods: 40%
- Reduced workforce/laid off an employee: 15%
- Have become less competitive in hiring compared with other businesses who provide health benefits: 22%
- Other: 5%
Q8: Overall, do you think prescription drug prices in America are too high, too low, or about right?

n=1,052

- Too High: 89%
- Too Low: 10%
- About Right: 10%
Q9: Generally speaking, which of the following statements is closest to how you feel about the way the current market is pricing prescription drugs?  
n=1,052

- The current market is not working at all and is in need of a major overhaul (66%)
- The current market has some problems, but only needs minor changes (7%)
- The current market is operating as it’s supposed to in a free market economy (27%)

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Q10: Below are suggestions some people have made to lower the costs of prescription drugs in this country. For each solution, please indicate whether you support it.

<table>
<thead>
<tr>
<th>Solution</th>
<th>Strongly Support</th>
<th>Somewhat Support</th>
<th>Neither Support nor Oppose</th>
<th>Somewhat Oppose</th>
<th>Strongly Oppose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stop anti-competitive behaviors and patent abuses that extend brand-name drug monopolies to block generic competition. (n=1,044)</td>
<td>68%</td>
<td></td>
<td></td>
<td>17%</td>
<td>9%</td>
</tr>
<tr>
<td>Make it easier to import drugs from Canada. (n=1,038)</td>
<td></td>
<td>50%</td>
<td>25%</td>
<td>17%</td>
<td>4%</td>
</tr>
<tr>
<td>Allow Medicare to negotiate directly with drug companies on drug prices for seniors and people in private health insurance. (n=1,050)</td>
<td></td>
<td></td>
<td></td>
<td>22%</td>
<td>10%</td>
</tr>
<tr>
<td>Require drug companies to publicly disclose information on prices and costs associated with manufacturing, marketing, and research and development of prescription drugs.</td>
<td></td>
<td>65%</td>
<td></td>
<td>18%</td>
<td>11%</td>
</tr>
<tr>
<td>Prohibit drug companies from raising drug prices faster than inflation. (n=1,042)</td>
<td></td>
<td></td>
<td></td>
<td>15%</td>
<td>11%</td>
</tr>
<tr>
<td>Allow the federal government to use compulsory licensing to produce prescription drugs if manufacturers prices are too high. (n=1,043)</td>
<td></td>
<td></td>
<td></td>
<td>16%</td>
<td>7%</td>
</tr>
<tr>
<td>Cap out-of-pocket prescription drug costs for seniors enrolled in Medicare. (n=1,043)</td>
<td></td>
<td></td>
<td></td>
<td>18%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Q11: How important do you feel it is for Congress and the Biden administration to take action to lower the cost of prescription drugs for patients, employers, and taxpayers?

n=1,052

- Very important: 71%
- Somewhat important: 16%
- Neither important or unimportant: 4%
- Not that important: 4%
- Not important at all: 5%
Q12: What are you most concerned about when it comes to the federal government's efforts to lower the cost of prescription drugs?

n=1,052

- 31%: Neither too far or not far enough. I think the Biden Administration and Congress will take the appropriate amount of action
- 27%: The Biden Administration and Congress will go too far
- 42%: The Biden Administration and Congress will not go far enough
Q13: How do you react to the following? ‘The federal government should spend more money to make healthcare affordable, even if it means raising taxes on corporations.’

n=1,052
Q14: There are thousands of prescription drugs for sale in the United States. Medicare is currently prohibited from negotiating prices on brand-name and generic drugs. Brand-name, specialty drugs are 1% of prescriptions and account for about 30% of all spending. Which statement do you agree with most:

- Medicare should not be allowed to negotiate prices with drug companies
- Medicare should be able to negotiate prices with drug companies on ALL drugs
- Medicare should be able to negotiate prices with drug companies on high cost, brand-name drugs that have no generic competition and are the most costly to senior and employers

n=1,052
Q15: Should drug companies that increase their drug prices faster than inflation without justification for new clinical benefit pay a penalty?

n=1,052

- Yes: 72%
- No: 28%
Q16: Which of the following statements do you agree with more?

n=1,052

- Pharmaceutical companies are leading the charge in fighting coronavirus and other important diseases. They're making record investments in research and development, and the government should not intervene in their ability to set prices

- Pharmaceutical companies are getting unprecedented public support and government funding to fight coronavirus. However, drug companies also increased prices in 2021 on more than 900 drugs - the most in a decade. It's time the federal government rein in drug prices and limit unjustified price increases to no more than inflation.
Q17: Drug companies generate revenue that far exceeds their spending on research and development; their profit margins exceed the performance of the S&P 500; and they spend millions on lobbying and marketing. Which of the following is more likely to happen if drug companies were forced to lower their prices?

- Drug companies are the engine for drug innovation. Lower drug prices will lead to fewer new treatments and cures for other diseases
- Lower drug prices will not hurt the industry's ability to develop new treatments and cures. Treatments and cures are no good if people cannot afford them.

n=1,052
Q18: After everything you have heard, would you say you have a very favorable, somewhat favorable, somewhat unfavorable, or very unfavorable opinion of pharmaceutical companies?

n=1,052

- Very favorable: 6%
- Somewhat favorable: 23%
- Somewhat unfavorable: 31%
- Very unfavorable: 40%
Q19: Beyond reforms to lower prescription drug costs, some have made other suggestions to reform healthcare in this country. Below are some of these suggestions. For each solution, please indicate whether you support it.
Demographic Data
Q20: What is your age?
n=1,052
Q21: How do you identify yourself? (Select all that apply).
n=1,052

- AAPI: 12%
- Black: 5%
- Hispanic: 3%
- Native American: 3%
- White: 37%
- Other / Prefer not to answer: 16%
Q22: Which of the following best describes the principal industry of your business?

n=1,052

- Advertising & Marketing: 23%
- Agriculture: 11%
- Airlines & Aerospace (including Defense): 7%
- Automotive: 7%
- Business Support & Logistics: 5%
- Construction, Machinery, and Homes: 5%
- Education: 3%
- Entertainment & Leisure: 3%
- Finance & Financial Services: 3%
- Food & Beverages: 3%
- Government: 11%
- Healthcare & Pharmaceuticals: 5%
- Insurance: 5%
- Manufacturing: 3%
- Nonprofit: 3%
- Professional Services: 2%
- Real Estate: 2%
- Telecommunications, Technology, Internet & Electronics: 2%
- Transportation & Delivery: 2%
- Utilities, Energy, and Extraction: 11%
Q23: What is your gender?

n=1,048

- Female: 52%
- Male: 43%
- Prefer not to say: 4%
Q24: What was your gross revenue for your business in 2020?

n=1,052

- 51% Less than $100,000
- 17% $100,000 to under $250,000
- 9% $250,000 to under $500,000
- 7% $500,000 to under $1 million
- 7% $1 million to under $2 million
- 8% $2 million or more
Survey Methodology

Methodology:
Survey Monkey survey of Small Business for America’s Future small business network
Fielded April 17-May 5, 2021

1,052 Total Responses