



The Senate Health Care Bill (H.R. 3590) Will Hurt Small Businesses

- New taxes on health sector products (insurance policies, medical devices, prescription drugs) and reduced payments to providers in the legislation will be passed on to small businesses and individuals who purchase insurance, according to the CBO. Small businesses cannot afford these cost increases.
- Small businesses are disproportionately affected by the “Cadillac” high-value plan tax, because they lack the numbers to adequately spread risk and are burdened by state-mandated benefits. Because this tax is not indexed to medical inflation, it will soon devastate many millions of small businesses.
- The new payroll surtax, which is not indexed to any inflation, will expand to hit millions of small businesses and individuals who are already struggling to afford health insurance.
- A mandate that employers provide health insurance or pay a fee will devastate many small businesses that operate at a loss or with low profit margins. These businesses will have to lay off workers and lower head counts. Although small businesses have been exempted if they have fewer than 50 employees, this constitutes a disincentive to grow and hire more workers. In addition, the bill unfairly penalizes businesses in the construction industry by lowering the threshold to which the mandate applies.
- Market reforms like community rating and guaranteed issue, when combined with the Senate’s weak individual mandate fees, will lead to dangerous health insurance premium increases, which will fall squarely on individuals and small businesses.
- New reporting requirements on small businesses will lead to a landslide in new paperwork, taxes and fees.
- Tax credits in the bill for small businesses are unworkable and will provide little to no benefit to the vast majority of small businesses, especially those already struggling to do the right thing.