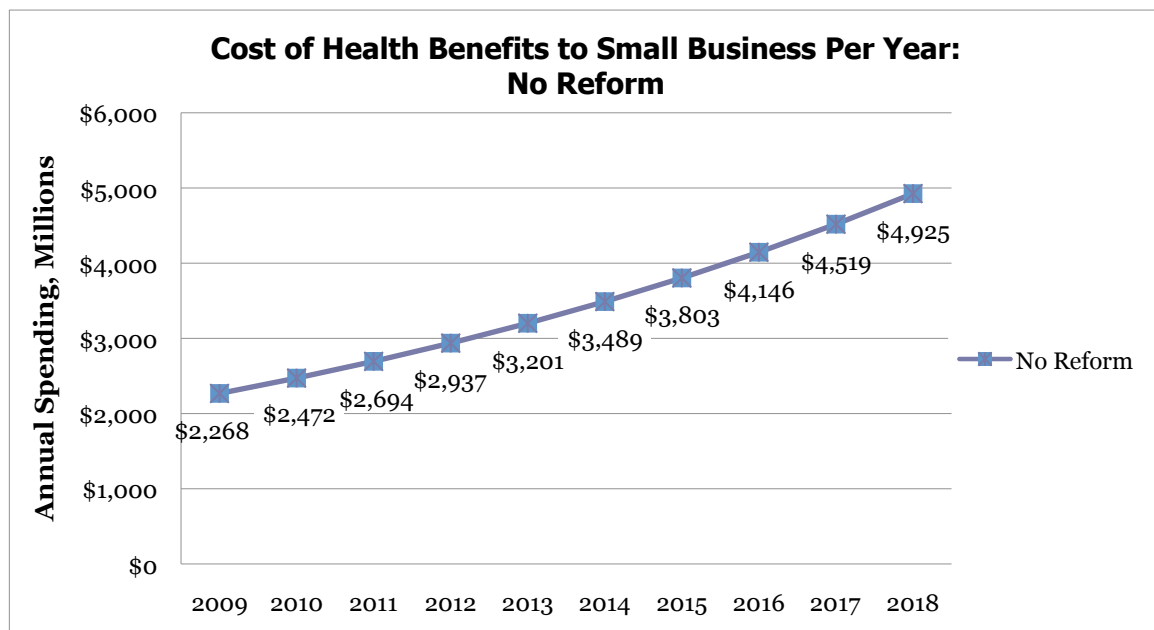


Healthcare Reform Will Help Tennessee Small Businesses

Without change, health insurance premiums will continue to skyrocket.

Tennessee's small businesses and self-employed entrepreneurs spent \$2.1 billion in healthcare premiums in 2008. According to projections based on research by MIT economist Jonathan Gruber,¹ that number will rise to \$4.9 billion by 2018 without relief from comprehensive reform.²



Small businesses in Tennessee are burdened by high premiums.

Small businesses in Tennessee support healthcare reform to relieve them from rising and unpredictable health insurance rates, according to results of a telephone survey conducted in March-April 2009 and sponsored by Tennessee Small Business Coalition and Vanderbilt University researchers.³ The survey of 245 small business owners found:

- Just 55% of Tennessee small business owners reported paying for health insurance for their employees. Of those, 79% say they're really struggling to do so.
- Of the 45% who don't provide insurance, more than three-quarters say they can't afford it.
- The following aspects of healthcare plans were reported as very important:
 - Affordability of premiums, co-pays and deductibles (90%)
 - Comprehensive coverage for all necessary medical services (63%)
 - A choice of doctors (72%)

¹ "The Economic Impact of Healthcare Reform on Small Business," Small Business Majority, June 2009.

² Small Business Majority projections based on microsimulation modeling by Jonathan Gruber.

³ Tennessee Small Business Coalition and Vanderbilt University researchers survey of 245 small business owners, March-April 2009.

Tennessee's small businesses pay higher rates because of insurance market consolidation.

- The top two insurers maintain 62% of the market share.⁴
- The average family premium among companies with fewer than 50 employees is \$8,688 per year.
- Insurance rates are volatile for small businesses and vary substantially from year to year. The variance in premiums among businesses with 10 or fewer employees is so great that one might pay up to four times as much as another, similar firm of the same size.⁵

Tennessee's small businesses need reform to make healthcare affordable.

- A well-designed health insurance exchange would create a marketplace that is fair, efficient and predictable, relieving small business owners from the tedious and time-consuming task of shopping for health insurance in today's chaotic conditions.
- Insurance reform would ensure that thousands of Tennesseans with histories of health problems would get coverage they've been denied.
- Tax credits and individual subsidies, included in the proposals now before Congress, would help businesses afford coverage for their employees.
- Long-term cost containment would reduce rates by eliminating waste and inefficiency.

Facts about small business in Tennessee

- Tennessee had 97,873 small employers in 2006, representing 95% of the state's employers and 32% of its private-sector employment. (2006 County Business Patterns, US Census)
- 453,170 self-employed entrepreneurs make up 15% of Tennessee employment and fuel Tennessee's economy in every industry. (Internal Revenue Service, 2005) These entrepreneurs and the state's small business employees together make up 42% of the workforce.
- Small businesses created 40% of Tennessee's net new jobs from 2004 to 2005. (Small Business Administration Office of Advocacy, Tennessee Small Business Profile)
- Of the uninsured adults in Tennessee, 58% have jobs. (Center for American Progress from US Census data)
- Just 37% of firms with fewer than 50 employees in Tennessee offer health insurance. (Kaiser Family Foundation, State Health Facts)

Small Business Majority conducts extensive scientific polling and research to determine small business owners' perspectives on healthcare reform and brings a nonpartisan voice to policy discussions nationwide. Based in Sausalito, CA, with offices in Washington, DC, and New York City, the organization works with small business owners, healthcare policy experts and elected officials nationwide. For more information about Small Business Majority and the research in this fact sheet, visit our website at www.smallbusinessmajority.org.

⁴ "Competition in health insurance: A comprehensive study of U.S. markets, 2007 update," American Medical Association.

⁵ Ibid.