



Health Care (Un)Affordability: the Challenge for Small Businesses

Overview



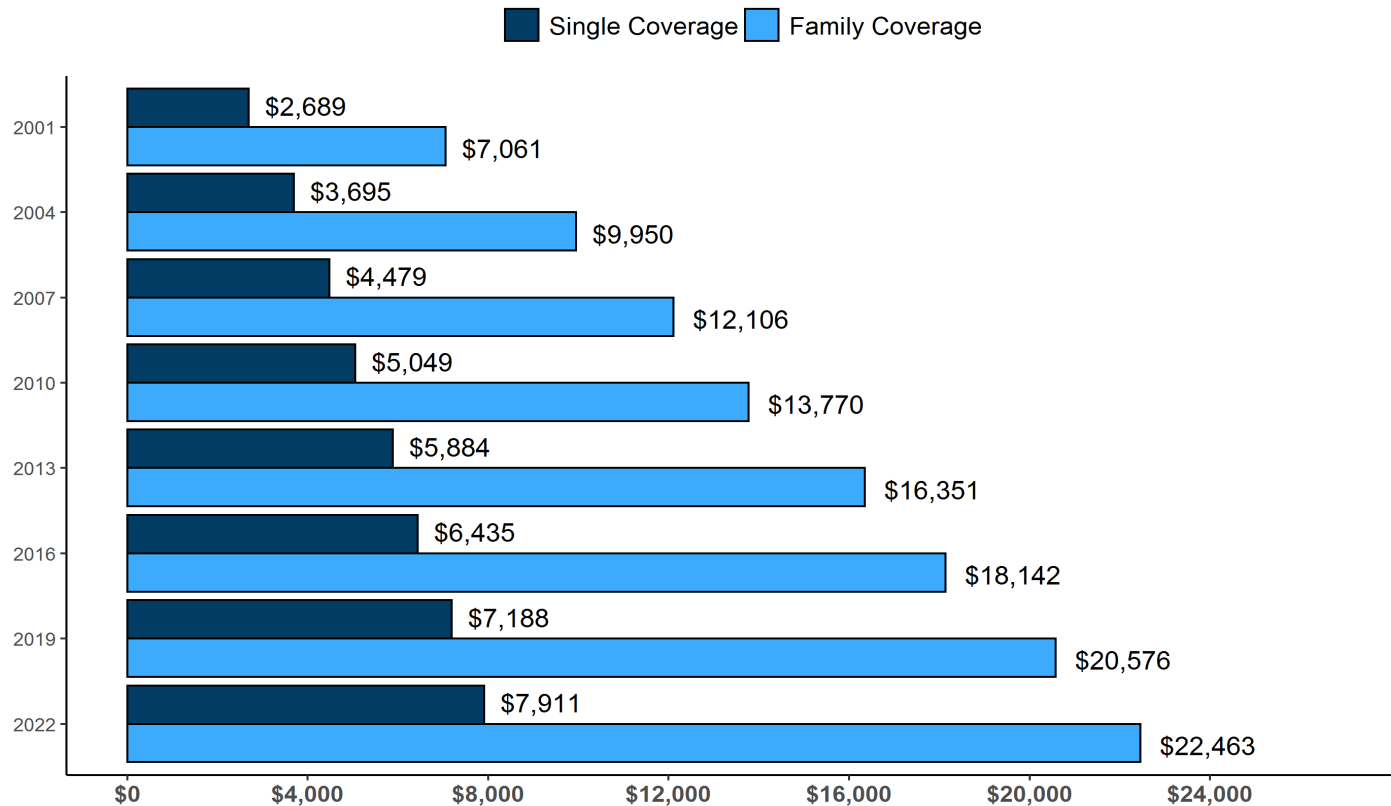
Health Care (Un)Affordability

- How bad is it?
- Why are costs so high?
- What should be done to fix this?
- What can *you* do to fix this?

How Bad is the Problem?

“The Cost of Health Insurance continues as the number one small-business problem, a position it has held for 29 years.” [NFIB Small Business Problems & Priorities, 2020]

Average Annual Premiums for Single and Family Coverage, 2001-2022



SOURCE: KFF Employer Health Benefits Survey, 2018-2022; Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001-2017

HEALTH AFFAIRS BLOG

CONSIDERING HEALTH SPENDING

RELATED TOPICS:

COSTS AND SPENDING | QUALITY OF CARE | PREMIUMS | COST REDUCTION | QUALITY IMPROVEMENT
| HEALTH BENEFITS | EMPLOYER-SPONSORED INSURANCE | SYSTEMS OF CARE

Stairway To Hell (With Apologies To Led Zeppelin)

Bill Kramer

NOVEMBER 7, 2018

10.1377/hblog20181105.590047



Small Business Rate Increases in Washington - 2024

Insurer	Requested	Approved	People Impacted
Aetna Life Insurance Company	7.43%	9.91%	1,434
Asuris Northwest Health	1.59%	4.69%	6,288
Health Alliance Northwest Health Plan, Inc.	9.72%	10.48%	543
Kaiser Foundation Health Plan of the Northwest	8.79%	8.85%	8,672
Kaiser Foundation Health Plan of Washington	20.26%	18.57%	21,064
Kaiser Foundation Health Plan of Washington Options, Inc.	11.80%	10.59%	21,573
PacificSource Health Plans	9.44%	11.96%	1,223
Premera Blue Cross	5.61%	5.09%	57,903
Premera Blue Cross HMO	New	New	
Regence BlueShield	6.83%	6.73%	93,295
Regence Blue Cross Blue Shield of Oregon	7.49%	8.68%	6,361
UnitedHealthcare Insurance Company	8.97%	8.97%	12,743
UnitedHealthcare of Washington, Inc.	9.62%	9.62%	44
Average rate change approved* <i>*Based on weighted enrollment</i>		8.02%	231,143

What Does this Mean for Small Businesses?

- Slower business growth
- Lower wages
- Can't afford to offer health benefits
- Hard to recruit and retain employees

Health Insurance Offer Rates and Average Yearly Premiums for Businesses with Less Than 50 Employees, 2000 - 2018

Source: Agency for Healthcare Research and Quality, Center for Financing, Access and Cost Trends. Medical Expenditure Panel Survey-Insurance Component.



KFF The independent source for health policy research, polling, and news.

TRENDING

\$ Health Costs

Home // Perspectives // Beyond the Data // **Family Health Insurance Is No Longer Affordable Through Small...**

Family Health Insurance Is No Longer Affordable Through Small Employers

Drew Altman

Published: Nov 28, 2023

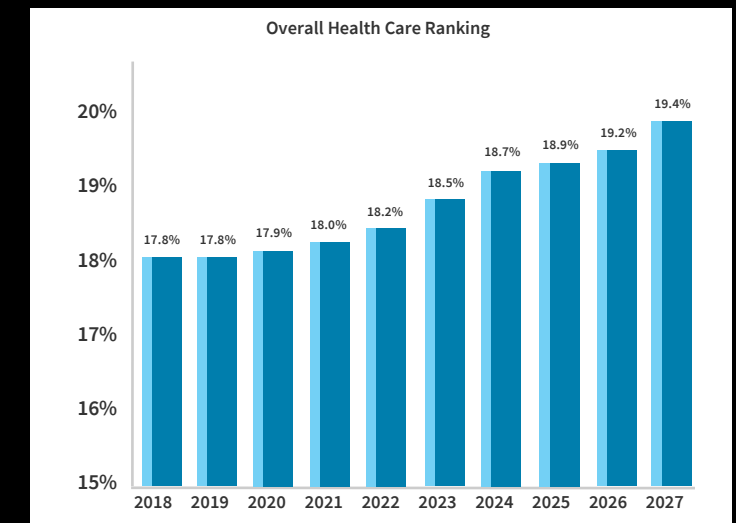
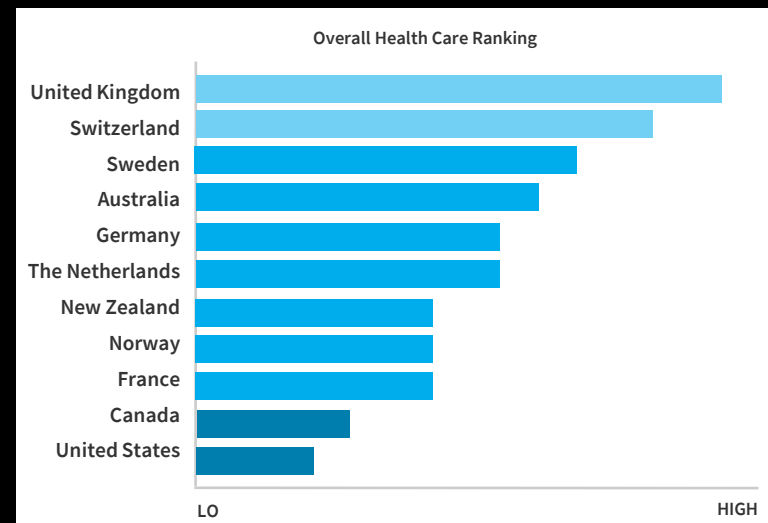
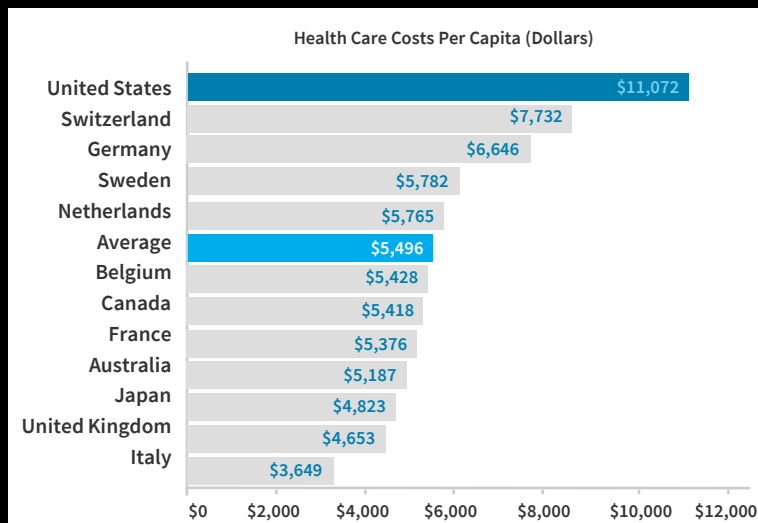
Source: NFIB Small Business Problems & Priorities, 20

Rising health costs are not buying quality care

U.S. health care spending is almost **TWICE** the average of other wealthy countries

U.S. health care quality ranks **LAST** among wealthy countries

\$1 in \$5 is spent on health care as a percentage of GDP



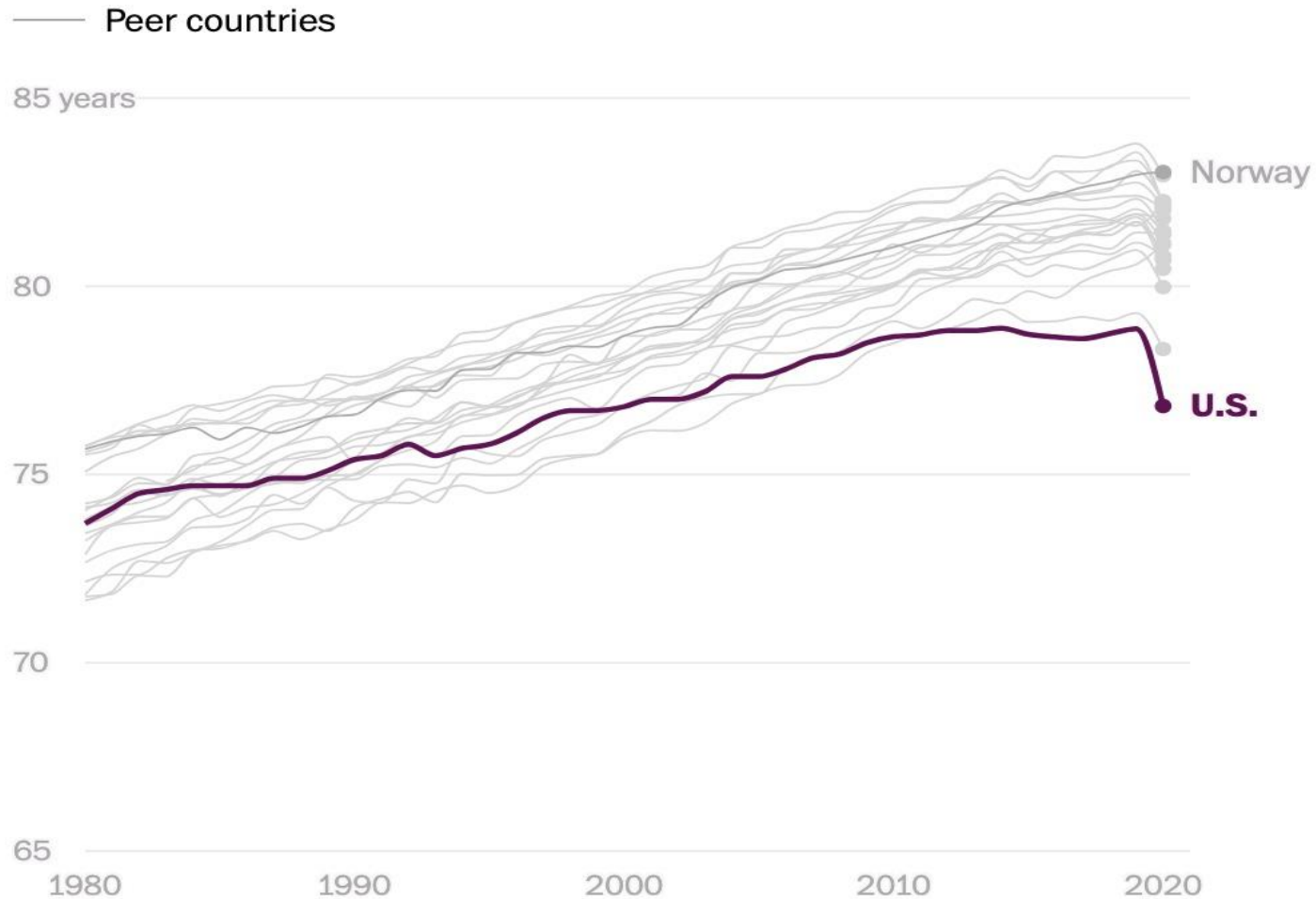
Organisation for Economic Co-operation and Development, OECD Health Statistics 2020, July 2020. pgpf.org ©2020 Peter G. Peterson Foundation.

K. Davis, K. Stremikis, D. Squires, and C. Schoen. Mirror, Mirror on the Wall: How the Performance of the U. S. Health Care System Compares Internationally, 2014 Update, The Commonwealth Fund, June 2014.

Centers for Medicare & Medicaid Services. National Health Expenditure Projections 2018-2026. Forecast Summary and Selected Tables.

And life expectancy in the U.S. is declining

U.S. life expectancy is falling behind peer countries



Why does health care cost so much?

COSTS & SPENDING

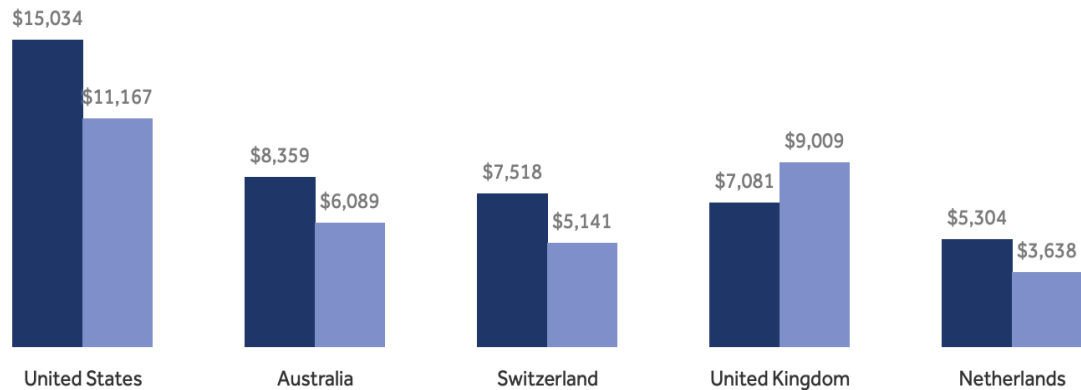
By Gerard F. Anderson, Peter Hussey, and Varduhi Petrosyan

It's Still The Prices, Stupid: Why The US Spends So Much On Health Care, And A Tribute To Uwe Reinhardt

DOI: 10.1377/hlthaff.2018.05144
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Foundation, Inc.

Average price per caesarean section and per normal delivery, 2017

■ Average price per caesarean section ■ Average price per normal delivery



Source: International Federation of Health Plans (2019), "2017 Comparative Price Report: International Variation in Medical and Drug Prices"

• [Get the data](#) • [PNG](#)

Peterson-KFF
Health System Tracker

List prices are significantly higher in the U.S. than in peer nations

List prices of drugs used for weight loss in the U.S. and peer nations

	▼ Ozempic (semaglutide, injection)	Rybelsus (semaglutide, tablets)	Wegovy (semaglutide, injection)	Mounjaro (tirzepatide, injection)
🇺🇸 U.S.	\$936	\$936	\$1,349	\$1,023
🇯🇵 Japan	\$169	\$69	-	\$319
🇨🇦 Canada	\$147	\$158	-	-
🇨🇭 Switzerland	\$144	\$147	-	-
🇩🇪 Germany	\$103	-	\$328	-
🇳🇱 Netherlands	\$103	\$203	\$296	\$444
🇸🇪 Sweden	\$96	\$103	-	-
🇬🇧 United Kingdom	\$93	-	-	-
🇦🇺 Australia	\$87	-	-	-
🇫🇷 France	\$83	-	-	-

Note: List prices in USD based on web searches as of August 15, 2023. Prices are for one-month supply of Ozempic 1mg, Rybelsus 7mg, Wegovy 2.4mg, and Mounjaro 15mg. Some drugs are not available in all countries and prices were unable to be found in other countries. Some drugs are approved for diabetes and prescribed off-label for weight loss.

Source: KFF analysis • [Get the data](#) • [PNG](#)

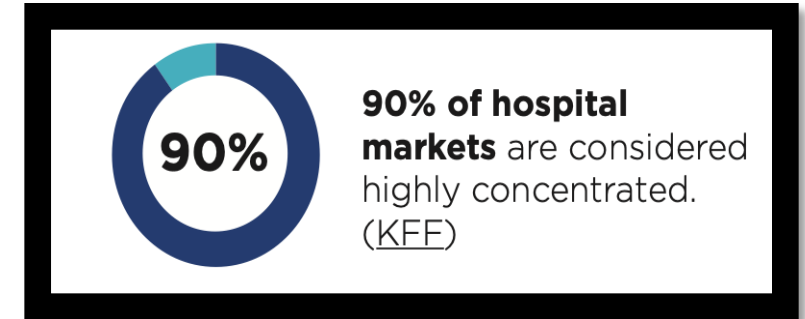
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Why are prices so high?

Market power by dominant hospitals, health systems, physician groups, and drug manufacturers.

- Increased consolidation of the industry
- Entry of private equity “profit hounds”
- Use of anti-competitive negotiation and contracting practices

The health care market is *badly broken*.



Why Should Employers Engage in Public Policy?

- We believe in the power of market forces to drive lower costs and better quality.
- But some health care markets are broken and must be fixed before competition can thrive.
 - *Level the playing field, e.g., stop anti-competitive practices.*



Window of Opportunity – State Policy

➤ **Prohibit anti-competitive practices**

- TX passed a law to prohibit anti-competitive contracting practices, and CA successfully sued Sutter Health System about this.
- WA legislation was blocked in the Senate.

➤ **Strengthen oversight of M&A**

- Other states (e.g., Oregon) have review and approval authority over health care mergers and acquisitions to ensure that they will benefit the public.
- WA has pre-merger notification requirement, but no review or approval authority.
- Legislation has been introduced in Washington but has been blocked so far.

➤ **Establish cost growth targets**

- Other states (e.g., MA, OR, CA, RI, CT, DE, NJ, etc.) have launched cost growth target programs.
- WA Health Care Cost Transparency Board needs greater authority and resources.

Employers in Other States have been Successful

Statement from Employers' Forum of Indiana on Indiana Healthcare Legislation (April 28, 2023)

On April 27, 2023, both chambers of the Indiana General Assembly passed landmark legislation to curtail Indiana's high healthcare prices and bring balance to our anti-competitive healthcare market. These bills, which include HEA 1004, SEA 7, and SEA 8, now head to Governor Holcomb's desk.

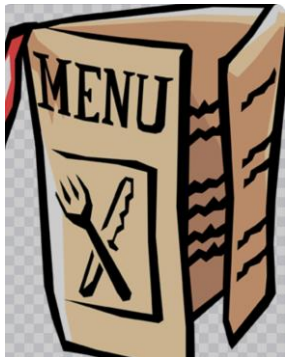


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Texas Employers for Affordable Healthcare Celebrates Passing of HB 711 to Help Lower Healthcare Prices for Texans

HOUSTON – June 5, 2023 – [Texas Employers for Affordable Healthcare](#) (TXEAHC), a non-profit working to lower the cost of healthcare for employers and families applauds the passage of House Bill 711 and the Texas legislature's commitment to leadership of market-driven, business-friendly reform.

What Can You Do to Fix this Problem?



- ❑ Stay informed.
- ❑ Collect and tell your stories.
- ❑ Build a collective voice for small businesses.
- ❑ Collaborate with other business organizations as well as consumer and labor groups with common interests.
- ❑ Talk to your state legislators.
- ❑ Write letters to legislative leaders.
- ❑ Write op-ed pieces for local media.
- ❑ Testify at legislative hearings.
- ❑ After legislation passes, participate in advisory committees to implement the new laws.

Summary

- Health care costs are too high – hurting businesses and employees.
- High prices are the driver, primarily due to:
 - Consolidation and market power throughout the industry.
 - Use of anti-competitive practices by some industry players.
- Employers can't solve this alone, but there are public policy solutions to make the market work better:
 - Prohibit anti-competitive contracting practices.
 - Strengthen oversight of M&A.
 - Establish cost growth targets.
- Small businesses can make a difference in shaping public policy to hold down costs.

For More Information . . .

