

**The Federal Healthcare Law & Small Business:
What Is It, What Does it Mean for Me, What Do I need to Know?**
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DRAFT OUTLINE

Who/What NFIB is

- State's and nation's leading/largest org serving only small businesses like all of you, only mom and pop entrepreneurs – who just happen to make up 99.7 of all businesses and create 2/3 of all net new jobs.
- We are nonpartisan – 20k in CA (can add other #'s for other states), and 350k across the US. CA born org – founder did not believe other biz groups were serving his small biz interests exclusively.
- What makes us unique is that we ballot our members – you tell US what issues you want us to represent you, and positions you want us to take. Not a board of directors deciding for the tens and hundreds of thousands of members. Info flows up.

NFIB/SB and HC

- For the past 30 years, you have overwhelmingly made it clear that HC costs are your #1 concern in your small business. Despite many pundits' assertions that biz owners don't care about HC, it's clear that you do!
- And with good reason – SBs have seen your health care costs increase by 107% over the past 10 years, and small biz owners and employees pay about 18% more than larger businesses for health insurance than larger businesses.
- Although you are what I call “The Big Kahuna” in terms of businesses and job creators, you make less, don't have legal or admin depts as larger businesses and corps do.
- In CA, we have the highest statewide sales tax and third highest income tax in the nation, and on avg SB pay 3x more in tax compliance and 37% more in reg compliance costs than larger businesses.
- So, it's understandable that, while our members tell us they do want to ensure all Americans have access to affordable health care, any health care law that includes new costs/taxes, mandates, regulations and reporting requirements – and the expectation that they must now be experts on an ever-changing and complex law – obviously and rightly has many, if not most concerned.
- That's why, from the moment the President signed PPACA, our members – more than 90% - asked NFIB “What are you going to do about this?” and insisted that we get involved in stopping this terrible cobbling of new burdens that will add to their uncertainty.
- SBs do want health care reforms to make the system work more efficiently, but this is the wrong – terrible – prescription.
- That's why NFIB has ardently opposed this particular law, and why our members insisted we get involved at every level – legislatively, regulatory and legally (as the lead plaintiff challenging constitutionality) – to make sure HC is done right for Main Street, our #1 job creators, and all Americans. We deserve no less.

Problems with PPACA. (I will go into more detail as to what/how this will affect RTOA owners/operators, and what they need to know to comply and prepare, but this is a brief overview)

- Individual Mandate – first time in history federal govt is telling every American to purchase something – in this case, something as personal as HC – or pay a price. It inherently redesigns the relationship between the citizen and govt, and not in a good way. If fed govt can force us to buy health insurance, where will they next draw the line? This is not what our founding fathers believed in when they drafted the Constitution to give every American liberties and freedom to choose.
- Employer Mandate – New requirement is an onerous requirement that is both a huge cost to those employers who fall within this threshold (50 or more employees), but those that fall under this amount, it is basically sending the message “Don’t grow”. That’s not what all of you believe in. Many of you may wish to expand your stores to create 1,2 or more RT stores, but now may be given second thought to not do that and even downsize your business as it is.
- Picks on SB, while unions and big corporations get special exemptions – Health Insurance Tax (falls predominantly on fully insured (small biz), while exempting self insured (unions and larger businesses), essential health benefits, medical loss ratio provisions also hit small biz owners the most. Also, the law doesn’t allow SBs to pool insurance across state lines, while unions and larger businesses are able to do so. Truly singles out small biz – the largest job creators – to incur most of the cost.
- Regulations and Reporting Requirements – NFIB was integral in raising the issue of 1099 reporting requirement. Drafted in dark of night and more than 1700 pages long, most members of Congress didn’t even know about it. NFIB briefed CA congressman Dan Lungren, who carried first legislation to repeal this piece, which didn’t even have anything to do with HC but would have been a huge burden for small biz owners who aren’t like bigger biz and don’t have admin depts or staff to deal with this. Made through Congress/Senate and to the Pres, who signed repeal legislation. But there are other egregious requirements and regulations.
- Implementation Problems – IRS and bipartisan National Gov’s Assn have both said that the federal govt will be hard pressed to implement much of this law, which involves as many as 20 different federal agencies and depts. Even if technology was not the issue, there is no assurance this will be ready to go. Already finding much isn’t being deployed and deadlines missed.
- Health Benefit Exchanges – diamond in the rough – we actually do like the idea of exchanges, but the bigger question will be “Will SBs and Americans be able to find more affordable choices and options through this?” In CA, still many q’s as to whether or not this will be implemented effectively.

Disappointed but Not Deterred – NFIB Continuing the Fight for REAL Health Care Reform that Matters

- Although NFIB’s Legal Team fought vigorously to oppose the law based largely on the ind mandate and other burdens by leading the Supreme Court Case (NFIB v Sebelius) and the Court ruled to uphold PPACA, we are not deterred in our efforts to ensure real reform that matters for small biz and controls costs, increases choice and competition for all mom and pops and businesses.
- We will continue to advocate to repeal parts and the whole of the law, to the extent we are able.
- Legislatively – continue to repeal parts as we were able to through 1099 reporting requirement, focusing more on Health Insurance Tax and other requirements.
- Regulatory – our team and members will be commenting vigorously before Congress to repeal and or fix parts of this measure to help small businesses. Much of this measure is able to be changed by administrative fiat (Secretary of HHS, et al), so we will be watching and representing on all levels to be sure small biz is not hurt further in this process.
- Exchanges – we will make sure our state teams and members are present and SB has a voice as these are developed and implemented. Beginning to do so in CA to the extent possible.

Educating/Informing our Members and SB Owners about PPACA – What You Need to Know!

- We recognize that while we are not pleased with the law as it stands, it is, indeed, the law.
- We have a responsibility to make sure our members and small biz owners like you are aware of what’s happened, happening now, and what’s to come under this new law.
- The last thing we – or you – want to do is be non-compliant or unaware of what you need to know and be doing for your business and employees.
- While we have an egregious and complex law, we also have a legal climate that also needs fixing, but for now has lawyers willing to pounce on SBs that aren’t helping or “protecting” their employees. We don’t want to give them one more reason to take you to court and shake you down for more money.
- I’d like to take some time to tell you about what you need to know as SB owners with this law.

Specific Overview/Breakdown - What the law prescribes, and what you – Small Business Owners - need to know and do.

- Overall breakdown about how this affects SB. Not soapbox, but SBs are at greatest risk, since many provisions hit them more than unions/big biz and SBs don’t have teams/staff or infrastructure to keep up to speed.
- Opportunities (I will also highlight timeline/years of implementation)
 - SHOP Exchanges – new opps for SBOs to pick and choose plans. May expand choice, may reduce costs. Key word: “May”
 - Small Business HC Tax Credit – underperforming, temporary, targeted, complicated

- Increased Coverage, Consumer Protections – Insurance Market Reforms, Increased Costs
 - Potential to Divorce Employers from Health Insurance
- Costs (same – I will point out timeline/years of implementation)
 - Employer Mandate
 - Health Ins Tax
 - Essential Health Benefits Package
 - Compliance Measures
- What's Ahead? Lingering Questions for Small Biz
 - Further regulations?
 - EHB, seasonal employees
 - Functionality of Exchanges?
 - **Costs?**
 - If coverage expansion does not occur, what does that mean for employers?
 - Employer coverage decisions?
 - Disruption of current markets?
- Best advice – talk to your attorneys, bookkeepers, benefits consultants
- NFIB website, materials (will have available and send in advance), etc. Get involved.

Question/Answer and Feedback from Attendees