

Statement of Bruce K. Hetrick

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Mr. Chairman and members of the committee. Thank you for the opportunity to talk with you about the impact of health insurance costs on small business.

My take on our health system comes from three perspectives.

First, you should know that I'm a hearing-impaired, migraine-suffering, diabetic cancer survivor who's also the father of a cancer survivor and the widower of a cancer victim. So I've experienced more than my fair share of American health care.

Second, as a professional communicator with a passion for human services, I've spent decades working for health educators, nurses, doctors, hospitals, health advocates and the people who fund all the above.

Third, I've been a small-business owner for 16 years. In that role, my colleagues and I have evaluated, purchased, and paid for health insurance for our employees and our families.

Despite my and my family's health problems, I consider myself lucky. I've had health coverage for myself, my spouse and my twin sons throughout my 30-year career. For the most part, the policies have covered what they promised to cover, little haggling required. When the need was greatest (during my late wife's cancer battle), our insurance company—Anthem Blue Cross/Blue Shield—sped approvals and denied not a single claim. I'm grateful for that.

On the other hand, I have frustrations.

First, health-care and health-coverage inflation is small-business enemy #1. My company pays 80 percent of employee premiums and 50 percent of dependent premiums. That's higher than typical for firms like ours, but it helps us attract and retain good people. It also leaves us with a painful choice: Either the cost of health coverage cuts into our profits or, if we pass it along to our customers, it renders us less competitive.

Another concern is health insurance rate inequities. If you're a big business, you get pricing based on giant risk pools. But if you're in a small company like mine, one staff health crisis can send your rates skyrocketing.

Let me give you one example: My late wife, Pamela Klein, was also my business partner. As such, she was covered by our company's health insurance.

In the last year of her life, the billed charges for Pam's cancer care totaled \$300,000. A few months before her death, our health insurance renewal came up. Lo and behold, the quoted increase for the health insurance portion of our benefits plan was a whopping 28 percent. That would have been devastating to our business and our employees.

When Pam died just shy of the actual renewal date, I had our rates re-quoted. With Pam out of the mix, the increase for the very same health insurance coverage was just 10 percent—a 28-percent increase reduced to 10 percent because of one person in need of care.

One additional concern I'd share with the committee involves taxes and economic development. Because I own more than 2 percent of my company, my benefits are fully taxable as income. My employees' health insurance is a pretax company expense. Mine is fully taxed as personal income. In addition, my employees enjoy pretax spending accounts for their out-of-pocket medical costs. As a business owner, I'm not allowed to participate. In a country where most new jobs are created by small businesses, that's a powerful disincentive to do just the opposite.

Because we're overly dependent on employment-based health insurance in this country; and because we've allowed the denial of coverage to those with major maladies and pre-existing conditions; we've created an enormous chasm between haves and have nots. One lost job paired with one serious or chronic ailment and you're a fiscal goner.

As Pam and I sat in renowned cancer centers in Indianapolis and Houston, getting pricey chemotherapy and sophisticated scans, we were grateful for the caregivers, the coverage, the clinical trials, the mere chance at survival.

But we also felt guilty—that we were getting all this because we had money, connections and jobs. Yet all the while, here in the greatest nation on earth, others facing the same predicament—citizens with the same right to life and health—were growing sick and dying with no chance whatsoever. Sadly, five years after Pam’s death, more uninsured Americans than ever still are.

My point today is simple: We need health coverage for all. We need it now. But if Congress is going to settle on an employer-based system, then our small businesses need rates, risk pools and tax policies that make the provision of health insurance competitive and affordable. We need incentives to create and sustain jobs—not incentives to lay people off, close up shop, and go to work for large organizations with benefits we can’t afford to match.