

**Testimony
Terry Gardiner**

**House Committee on Energy and Commerce
Subcommittee on Health
Thursday, May 6th, 2010**

Transparency in the health care marketplace

H.R. 4700, The Transparency In All Health Care Pricing Act Of 2010; H.R. 2249, The Health Care Price Transparency Promotion Act Of 2009; And H.R. 4803, The Patients' Right To Know Act

Chairman Pallone, Ranking Member Deal, Members of the Committee, Congressman Dr. Kagen, thank you for inviting me to testify today on the importance of transparency in the health care marketplace.

My name is Terry Gardiner and I am the National Policy Director for Small Business Majority. Small Business Majority was founded by small business owners to present an impartial view of the issues that have the greatest impact on small businesses. Our recent focus has been finding a solution to the skyrocketing health insurance bills small firms have been facing over the past several years. In addition, we're working on strategies to promote entrepreneurship, improving access to capital and small business growth.

Our surveys of small business owners have consistently found the No. 1 problem facing small businesses is the cost of healthcare. Small business health insurance premiums have risen 113% over the last 9 years. This is an unsustainable trend both for small businesses and their employees.

What is clear is that we must address the underlying inflation that is driving the cost of healthcare premiums up and up. As business owners a logical place to start is by making sure the prices of health care products and service are transparent for both employers, who on average pay 75% of the cost of insurance and employees, who on average pay 25% of the cost of health insurance.

As business owners we function in a competitive world of where prices are known. In my particular industry, seafood, many products are sold on auctions around the world. These prices are reported daily, many times by government reports. The prices paid to fishermen are published as well as the wholesale market prices the seafood processors sell for.

As a business if we buy a vehicle, an airline ticket, fuel or borrow money we can easily find the price. We can compare prices and ensure we are getting a fair deal. The same goes for consumers when they shop for a car, a house or a home mortgage. Consumers can even compare products on independent websites on the cost and quality of many products. This creates a competitive and dynamic market place for both businesses and consumers.

But as a small business owner you can not do that for healthcare. The only thing we can learn is how much our insurance premium is going up each year. The employees who must pay their share of the insurance premium are in the dark also. Without any information on the cost of healthcare how can a business owner negotiate his healthcare costs? Small business owners are at the mercy of insurance brokers where they find few choices and little justification of annual rate increases.

Even worse off are the 22 million self-employed entrepreneurs that must buy their insurance in the individual market. They have even less information and resources to negotiate a fair price. The self-employed pay the highest cost of healthcare.

The largest employers, the federal government and those who self-insure can demand – and get – access to some cost and price data needed to make good, informed decisions and negotiate for the best possible coverage and cost. This is one-reason large employers, the federal government and the self-insured have lower prices of health care coverage than small businesses.

Thanks to the proliferation of technology, more data is available to more people than ever before. But, this technology still hasn't penetrated health care. An important first step to controlling healthcare inflation is establishing transparency in health care pricing. With price transparency, we can have a free and competitive healthcare market. Businesses and employees who both pay the costs of healthcare can begin to pushback when they know the source of prices increases of all products and services.

Thank you for recognizing the need for transparency in the health care marketplace for small businesses and entrepreneurs. I hope this hearing is only a start, and that you will continue to work for a transparent health care marketplace so that healthcare is affordable for small business owners and their employees. Entrepreneurs need a sustainable healthcare system so they can continue to start businesses, grow their business and create the jobs that our citizens rely on.