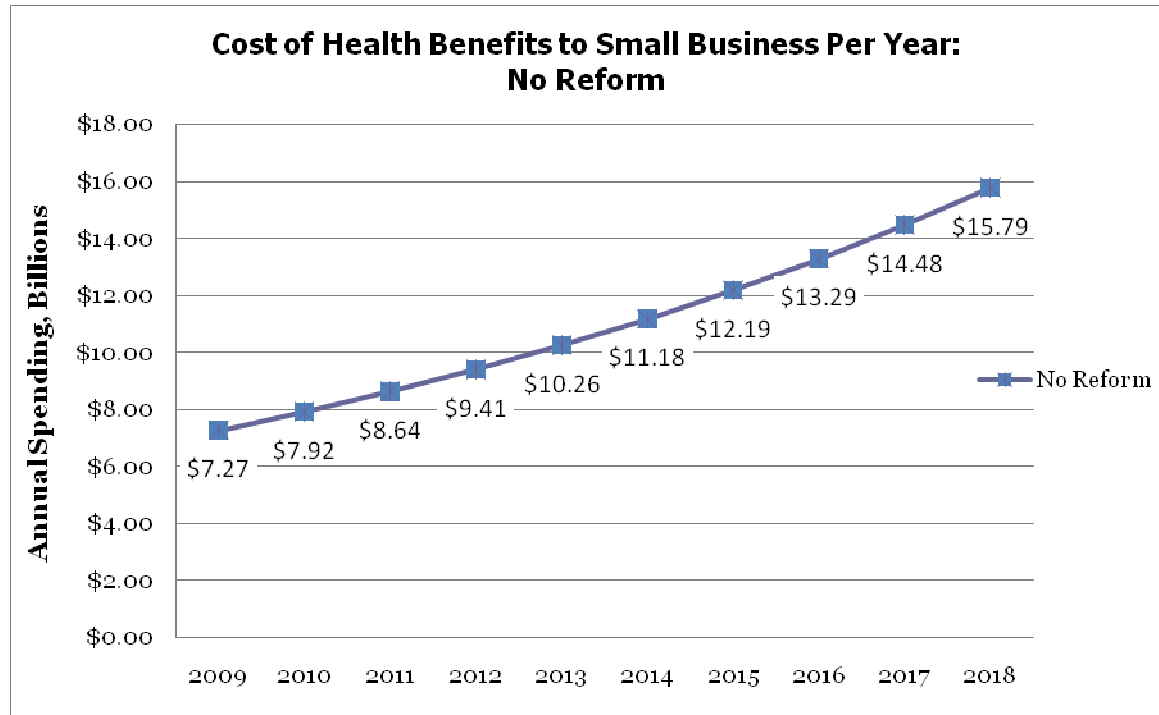


## Healthcare Reform Will Help Illinois Small Businesses

### Without change, health insurance premiums will continue to skyrocket.

Illinois's small business owners and self-employed spent \$6.7 billion in healthcare premiums in 2008. According to projections based on research by MIT economist Jonathan Gruber,<sup>1</sup> that number will rise to nearly \$16 billion by 2018 without relief from comprehensive reform.<sup>2</sup>



### Small businesses in the United States are burdened by high premiums.

According to surveys conducted between December 2008 and August 2009 and sponsored by Small Business Majority:<sup>3</sup>

- Reform is urgently needed to fix the US economy, according to an average of 67% of respondents.
- An average of 86% of small businesses owners who don't offer health coverage to their employees say they can't afford to provide it. An average of 72% of those who do offer it say they're struggling to afford it.
- Small businesses are willing to share the responsibility for making health insurance affordable along with insurers, healthcare providers, individuals and government, according to an average of 66% of respondents.

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

<sup>2</sup> Small Business Majority projections based on microsimulation modeling by Jonathan Gruber.

<sup>3</sup> Small Business Majority surveys of 17 states conducted from December 2008 to August 2009.

## Illinois pays higher rates because of insurance market consolidation.

- The top two insurers maintain 69% of the market share.<sup>4</sup>
- The average family premium among companies with fewer than 50 employees is \$12,420 per year—above the US average of \$10,956.<sup>5</sup>
- 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.<sup>6</sup>
- The Director of Insurance reports for 2010 individual rates will rise 3% to 60%.

## Final bill will make healthcare more affordable for Illinois's small businesses.

- A state health insurance exchange would create a marketplace that is fair and efficient, and offer new choices of for-profit and nonprofit health plans, including multi-state options.
- Insurance reform and new insurance oversight laws would ensure that thousands of Illinois citizens with histories of health problems would get coverage they've been denied, and unfair and unwarranted premiums increases would be prevented.
- Small business and individual tax credits would help businesses afford coverage for their employees—144,000 small businesses would qualify in Illinois starting in 2010, according to the National Council of Economic Advisors analysis.

Long-term cost containment would reduce rates by eliminating waste and inefficiency. Healthcare expert David Cutler of Harvard has estimated that healthcare costs will be reduced \$600 billion over the next decade with the passage of healthcare reform.

### Facts about small business in Illinois

- Illinois had 252,372 small employers in 2006, representing 96% of the state's employers and 34% of its private-sector employment. (2006 County Business Patterns, US Census)
- 851,330 self-employed make up 14% of Illinois employment (IRS, 2005) and with the state's small business employees together make up 43% of the workforce.
- Small businesses created 28,103 of Illinois's net new jobs from 2004 to 2005. (Small Business Administration Office of Advocacy, Illinois Small Business Profile)
- Of the uninsured adults in Illinois, 65% have jobs. (Center for American Progress from US Census data)
- Just 41% of firms with fewer than 50 employees in Illinois 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, Sacramento 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](http://www.smallbusinessmajority.org).

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

<sup>5</sup> "Small Group Health Insurance in 2008" America's Health Insurance Plans, March 2009.

<sup>6</sup> Ibid.