



U.S. SENATE COMMITTEE ON

# Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Sen. Chuck Grassley  
Hearing, "Health Care Coverage for Small Businesses: Challenges and Opportunities"  
Thursday, April 6, 2006

According to data from the Congressional Research Service there are about 45 million Americans without health insurance. It was the fourth year in a row that the number of uninsured grew. Here are some other important statistics from the report: Among the nonelderly, although employer coverage fell significantly, increases in public coverage prevented the number of uninsured from jumping significantly. More than half of the nonelderly uninsured were full-time, full-year workers or their family members. Young adults were more likely to be uninsured than any other age group. More than one of three of those who claimed Hispanic ethnicity were uninsured, the highest of the racial/ethnic categories who are uninsured.

These numbers paint a very disturbing picture. They paint a picture of a system that is not working for millions of Americans. As the CRS report notes, as more employers drop health care coverage, public programs end up covering more Americans. This is not good for businesses and it is not good for taxpayers. Given the cost pressures faced by the federal and state governments in paying for these programs, we ought to be asking if there are more efficient ways of encouraging employers to provide coverage than simply allowing government to take over.

Today's hearing is one of a series of hearings I intend to hold in an effort to examine the problem of the uninsured in America. The first hearing on March 8 focused on health care and the tax code. The hearing today focuses on the challenges faced by small businesses in America in their efforts to find and provide affordable health care coverage. The vast majority of American workers get health care through their employer. We encourage employers to provide that coverage through a tax deduction. While most employers do, the fact remains that for many employers that is not enough of an incentive. The majority of Americans who were uninsured in 2004 were full-time, full-year workers. Another 30 percent worked at least part-time. So 80 percent of the uninsured had some connection to the workforce. Our system is a voluntary system. We don't require employers to offer coverage. We don't require employees to accept coverage.

Some people say that our current problem is a reason to consider moving to a mandatory coverage system. I think we need to understand why the current incentives are not working. I also want to better understand what differentiates large and small businesses in the provision of health care. Is it really just as simple as health care coverage for 1,000 employees is cheaper than for 10 employees or is the answer much more complex? I am looking forward to hearing our witnesses explain why it is more complex.

Finally, the regulatory regime for health care coverage is most assuredly complex. There is both federal and state regulation of health insurance. What regulations increase the burden on small business to the point that they choose not to offer health care coverage? What regulations impede the marketplace from working? I certainly hope our witnesses today can help us understand the challenges faced by small businesses in covering the uninsured and suggest opportunities for us to improve the environment for small businesses. I also appreciate the time our distinguished colleagues are taking out of their schedules to talk about their proposals. Senator Durbin and Senator Lincoln have a proposal that combines an FEHBP-style proposal with a tax incentive. Senator DeMint has a proposal that would allow individuals greater access to health care coverage by allowing policies to be sold across state lines. We have some very useful testimony to look forward to, so let's begin.