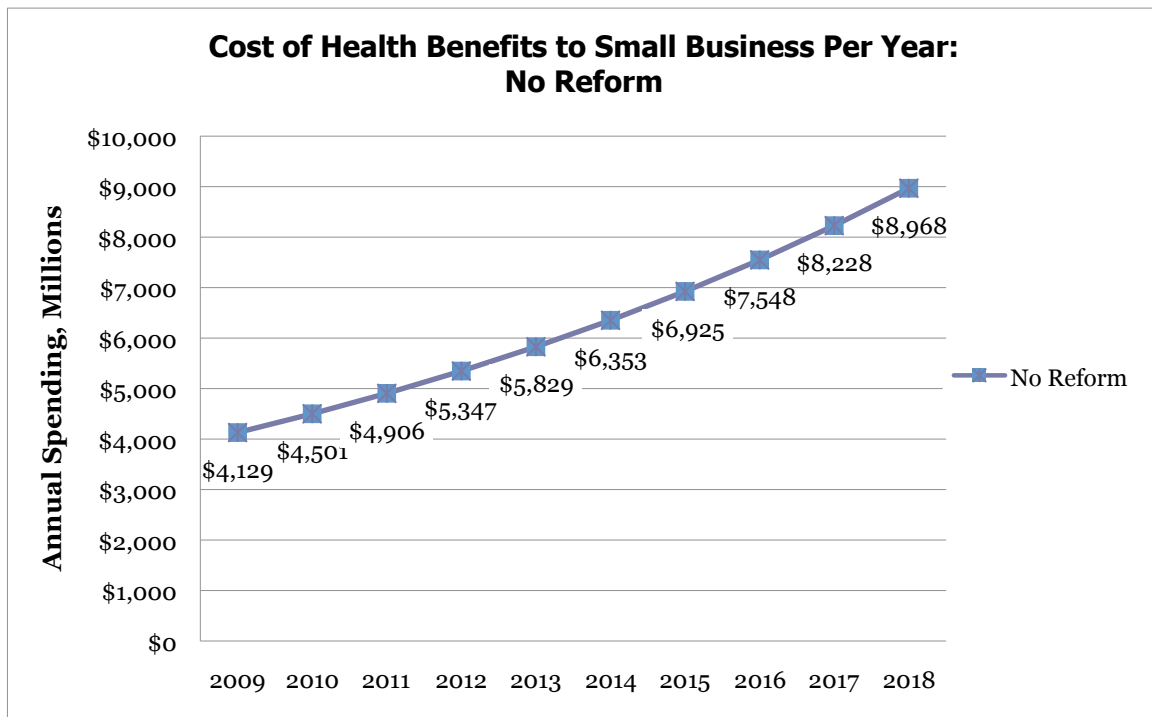


Healthcare Reform Will Help North Carolina Small Businesses

Without change, health insurance premiums will continue to skyrocket.

North Carolina's small businesses and self-employed entrepreneurs spent \$3.8 billion in healthcare premiums in 2008. According to projections based on research by MIT economist Jonathan Gruber,¹ that number will rise to \$9 billion by 2018 without relief from comprehensive reform.²



Small businesses in North Carolina are burdened by high premiums.

Small businesses in North Carolina support healthcare reform to relieve them from rising and unpredictable health insurance rates, according to results of a telephone survey conducted in June 2009 and sponsored by Small Business Majority.³ The survey of 200 small business owners found:

- Just 41% of North Carolina's small business owners reported paying for health insurance for their employees. Of those, 88% say they're really struggling to do so.
- Of the 59% who don't provide insurance, 85% say they can't afford it.
- The number one concern for North Carolina's small business owners regarding healthcare reform is controlling costs, followed by providing coverage for everyone and assuring high-quality standard minimum benefits.

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

² Small Business Majority projections based on microsimulation modeling by Jonathan Gruber.

³ Small Business Majority survey of North Carolina's small business owners, June 2009.

North Carolina pays higher rates because of insurance market consolidation.

- The top two insurers maintain 73% of the market share.⁴
- The average family premium among companies with fewer than 50 employees is \$11,232 per year—above the US average of \$10,956.⁵
- 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.⁶

North Carolina's small businesses need reform to make healthcare affordable.

- A well-designed health insurance exchange would create a marketplace that is fair, efficient and predictable, relieving small business owners from the tedious and time-consuming task of shopping for health insurance in today's chaotic conditions.
- Insurance reform would ensure that thousands of North Carolina citizens with histories of health problems would get coverage they've been denied.
- Tax credits and individual subsidies, included in the proposals now before Congress, would help businesses afford coverage for their employees.
- Long-term cost containment would reduce rates by eliminating waste and inefficiency.

Facts about small business in North Carolina

- North Carolina had 169,649 small employers in 2006, representing 96% of the state's employers and 35% of its private-sector employment. (2006 County Business Patterns, US Census)
- 681,682 self-employed entrepreneurs make up 16% of North Carolina employment and fuel North Carolina's economy in every industry. (Internal Revenue Service, 2005) These entrepreneurs and North Carolina's small business employees together make up 46% of the workforce.
- Small businesses created 55% of North Carolina's net new jobs from 2004 to 2005. (Small Business Administration Office of Advocacy, North Carolina Small Business Profile)
- Of the uninsured adults in North Carolina, 65% have jobs. (Center for American Progress from US Census data)
- Just 43% of firms with fewer than 50 employees in North Carolina 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, 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.

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

⁵ "Small Group Health Insurance in 2008" America's Health Insurance Plans, March 2009

⁶ Ibid.