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# HEALTH CARE POLICY TASK FORCE

## INITIAL FINDINGS & RECOMMENDATIONS

Small Business Association of Michigan

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# TASK FORCE BACKGROUND

**Year over year, we have seen dramatic increases in the price of health care and in turn, health insurance.**

Rising premiums have been a consistent concern for small businesses as health insurance costs represent a rapidly growing burden for small business owners - with no relief in sight.

To combat these increasing costs, small business owners have been forced to increase deductibles and co-pays and defer a higher percentage of premiums to employees.

Many small businesses are not able to offer health insurance as an employee benefit at all. The fact that small businesses provide approximately half of all jobs in Michigan makes this an important issue for individuals and families in addition to small businesses. High costs make it difficult for employers to add new employees which stifles the growth of small businesses across Michigan.

When considering laws and rules affecting health care, SBAM encourages state and federal lawmakers to seek and promote policies that help manage costs for small businesses.

SBAM's Health Care Policy Task Force, led by veteran insurance broker and chair Shannon Enders, explored the main areas that impact availability, affordability and quality.



**SHANNON  
ENDERS**

**Task Force Chair**  
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Benefits



**BRIAN  
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**President & CEO**  
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# MANAGE COSTS

**Above all, access to affordable quality health care is vital to Michigan's small businesses.** The high cost of health care will likely be present for the foreseeable future, so policymakers should seek innovative solutions to help businesses control, not add to these rising costs. In pursuit of lowering overall costs for small businesses, SBAM supports policy that promotes employer flexibility to the greatest extent possible, improves transparency and accountability in costs, limits mandates, and encourages innovative competition.

# PROMOTE FLEXIBILITY

**Flexibility in employment conditions is a key competitive advantage for many small businesses.** "One size fits all" employment and benefit mandates erode the ability of small businesses to compete in the employment market. SBAM supports policies that will allow insurance and benefit decisions to remain negotiable between employers and employees, free of mandates by government.

SBAM supports implementing a catastrophic insurance pool in Michigan to reduce the cost of health insurance in both the individual and small group markets. Michigan currently does not have a catastrophic pool which can lead to very high premiums and deductibles for those who do not qualify for subsidies. These pools are used in several states to subsidize the cost of health plans on the individual market and could potentially be used to help lower small group premiums as well.

To promote flexibility and level the playing field, small employers should have the ability to band together through an association health plan that allows small businesses to create their own risk pools, allowing them all the options and flexibilities afforded to larger businesses.

# IMPROVE TRANSPARENCY AND ACCOUNTABILITY

**Health care costs should be more transparent and should allow business owners and employees to easily understand the cost and quality of all options available.** SBAM supports measures that foster a competitive, informed marketplace and allow policyholders to make informed decisions with their care.

SBAM encourages education and policy measures that empower consumers to easily shop for lower health care prices in a way that is simplified and can lessen the burden of rising costs.

Innovations in pharmaceutical drugs have allowed for more care to be administered outside of traditional health care facilities and has led pharmaceuticals to compose a greater percentage of overall health care costs. These innovations can be a tool to decrease long-term costs through pharmaceutical preventative care. However, rises in pharmaceuticals and drug prices has created a growing need for increased transparency in pharmacy costs, including the Pharmacy Benefit Manager (PBM) market.

Requiring greater pharmaceutical and pharmacy transparency can reveal and reduce practices that shift heightened costs to small businesses and consumers. The health care industry is changing rapidly with vertical and horizontal integration of providers, provider owned insurance companies, health system owned referral networks and more. These changes create risks for conflicts of interest that could limit competition and increase costs. Transparency requirements should expose conflicts, and industry ethics rules and practices should be maintained to limit the impact of conflicts of interest.

Due to regulation and lack of normal market forces in the current health care system, certain safeguards are important to prevent unnecessary spending and increased costs. SBAM supports a strong state-level Certificate of Need regulation to contain health care costs and allow access to quality care for both employers and employees.

# LIMIT MANDATES

**Health care is a heavily regulated industry and there is no expectation of completely lifting regulations and mandates in the health and insurance space.** However, central to the principle of controlling the costs of health care is supporting a restrained approach to regulation and avoiding burdensome mandates, especially since state mandates hit small businesses harder than their larger, self-insured competitors.

Unnecessary regulations and mandates contribute to greater administrative overhead and drive-up costs for policyholders.

# ENCOURAGE COMPETITION

**Vertical integration and market consolidation can present barriers to both transparency and competition.** Large hospital mergers oftentimes stifle competition and present a major threat of future price increases. SBAM supports policies that ensure that consumers retain access to a competitive marketplace when hospitals own health plans, health systems merge, private equity firms buy up/consolidate specialty practices and health systems buy physician practices. Education of health care consumers to be better health care shoppers will also play an important role in maintaining a competitive marketplace.

Considering the rising costs of health care (especially in the expense of pharmacy benefits), SBAM supports policies that encourage more competition. SBAM supports patent reform to prevent drug companies from suppressing competition in the marketplace. For example, utilization of generic drugs and biosimilars can be an effective tool to reduce the cost of health care. Additionally, the cost of bringing new pharmaceuticals to market are so high in the US compared to other countries, it does create an incentive for pharmaceuticals to engage in practices that limit competition. The US should take steps to reduce costs associated with safely bringing new products to market.