

# Healthcare costs hurt Michigan small businesses

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*Small business owners are shaping Michigan's economy every day, but rising health care costs are increasingly shaping whether that economy can grow at all.*

Hard cost decisions are part of running a small business. Each day, we weigh payroll against investment. We decide when to hire and when to wait. We renegotiate contracts, absorb increases where we can, and look for efficiencies because that is what responsible businesses must do to survive.

Small businesses provide over half of the private sector jobs in Michigan, but health care costs are crowding out everything else, destroying our ability to hire and grow.

According to SBAM's most recent survey, 85% of small business owners report annual health care cost increases approaching \$2,000 per employee. For a company with 25 employees, that's \$50,000 a year — enough to hire another employee, expand capacity or invest in growth. Instead, they absorb these costs just to stand still. Without cost contraction in the health care system, it will happen again next year. It is not sustainable.

Small business owners want to offer strong, competitive benefits. Health care coverage is not simply a line item. We care deeply about the people who work for us and the families who depend on those benefits. But as health care costs rise faster than revenues, productivity and inflation, that commitment becomes harder to keep.

Every additional dollar spent on health care is a dollar unavailable for wages, hiring or growth that contributes to Michigan's future. Unlike larger organizations, small businesses cannot absorb these increases indefinitely. When growth slows or stalls, the impact extends far beyond individual employers. Job creation declines. Local reinvestment slows. Communities lose momentum.

Small business owners understand cost pressure. We live with it every day. We adapt, streamline, and make deliberate choices to control expenses while still serving our customers and employees. It is reasonable to expect the same discipline across the health care system.

Increases in upstream care costs cannot simply be passed along through insurance premiums without consequence. Greater transparency, accountability and meaningful efforts to reduce cost escalation are essential to the long-term sustainability of health care — not just for employers, but for workers, families and communities across Michigan.

If upstream costs continue unchecked, more small businesses will be forced to reduce benefits or walk away from offering coverage altogether and employees will look elsewhere for stability, toward larger employers, different industries or opportunities outside Michigan.

When that happens, small businesses lose talent they invested in. Communities lose locally rooted employers. And Michigan risks becoming a place where only the largest organizations can reliably offer health coverage, weakening entrepreneurship, slowing job creation and hollowing out the local economies that depend on small employers.

Small business owners are not asking for special treatment. We are asking for shared responsibility and the same cost discipline we are expected to demonstrate every day.

We are ready to work with insurers, providers, policymakers, regulators and business leaders on solutions that prioritize affordability, transparency and long-term sustainability.

Michigan's small businesses make difficult decisions to survive and grow. It is time for the health care system — and those who influence it — to do the same.