



**Chairman Richard Hanna  
Committee on Small Business  
Subcommittee on Contracting and Workforce  
Hearing: “Obamacare and the Self-Employed: What About Us?”  
March 6, 2014**

Good morning. The hearing will come to order.

Thank you all for being here. I would especially like to thank each of our witnesses for taking time out of their busy schedules to provide testimony on the ways Obamacare is affecting the self-employed. We have an excellent panel and I am looking forward to their testimony and the discussion to follow.

According to the Office of the Chief Counsel for Advocacy of the United States Small Business Administration, small businesses represent 99.7 percent of all businesses, employ 49 percent of the workers in the private sector and account for 42 percent of the private sector payroll in the United States. Self-employed folks make up a significant portion of those businesses. According to the National Association for the Self Employed, or N.A.S.E., over 77 percent of small businesses in the United States are self-employed ones.

As enacted, Obamacare requires “large” employers to offer full-time employees the opportunity to enroll in an employer-sponsored health care plan or pay a penalty. The law also requires individuals to enroll in health insurance, either on their own or through plans offered by an employer, or pay a penalty. These requirements are colloquially referred to as the “employer mandate” and the “individual mandate.”

While the Administration has delayed the employer mandate twice, it has not delayed the individual mandate, which became effective on January first. Typically, the self-employed purchase health insurance on the individual or non-group market and would be required to carry coverage via the individual mandate.

While meeting with my constituents and listening to testimony right here in this room, it remains evident to me that Obamacare is causing significant difficulties for self-employed individuals, and small businesses in general. General confusion, higher prices, and shrinking provider networks are but a few of the problems we have consistently heard about.

Earlier this year, the National Small Business Association released a study providing evidence that the health law is having a significant negative impact on small businesses. Among the key findings were that 91 percent of respondents experienced increases in their health plan at their most recent renewal and 33 percent said they are purposefully not growing as a result of the health law. Perhaps

most significantly, the survey reported that the average monthly per-employee cost of health insurance premiums for a small business is \$1,121; nearly double what it was just five years ago.

While the N.S.B.A. survey was for small business in general, a recent N.A.S.E. survey specifically queried self-employed individuals and micro-businesses.

This survey found that nearly 60 percent of respondents believe there is a “low” or “very low” chance they’ll be able to secure affordable and comprehensive coverage in 2014. Other key findings were that only 9 percent of those able to visit the Obamacare healthcare.gov web site reported they had successfully enrolled in a health insurance plan for 2014 and almost 17 percent of respondents indicated that they’d be forgoing health insurance in 2014 due to costs.

Just two weeks ago, the Administration’s own Centers for Medicare and Medicaid Services released a report predicting that the health care law could cause premiums to increase for nearly two-thirds of small to medium-sized businesses. The report stated that 11 million individuals will experience increased premiums as a result of the health care law.

Clearly, Obamacare is causing significant disruptions for American small businesses. What I hope to do today is identify the specific issues that are most critical to the self-employed and discuss potential solutions. Again, thank you all for being here and I now yield to Ms. Meng for her opening statement.

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