



**Opening Statement of Chairman Chris Collins  
Committee on Small Business  
Subcommittee on Health and Technology  
Hearing: “Self-Insurance and Health Benefits: An Affordable Option for Small Business?”  
November 14, 2013**

Good morning. Thank you all for being with us today as we take a look at the trend of smaller companies exploring self-insurance as an option to provide their employees with health care coverage. I appreciate all of our witnesses taking time out of their busy schedules to be with us today.

Just last week, President Obama apologized to the *4.8 million* Americans who had their insurance policies canceled since his health care law was enacted. This includes 137,000 people in my area of Western New York alone. While I appreciate the President’s apology, these cancellations represent just one of many broken promises and severe problems plaguing the roll out of his signature legislation.

The list of issues with this implementation is staggering: the bungling of the healthcare.gov website, the 30-hours-per-week definition of full-time employment, the medical device tax, the health insurance tax, the cancellations of policies, and, of large concern to those of us who serve on this committee, small businesses facing significant increases in the cost of their health plans, upwards of 55 percent in one case. These are not issues that the President and his Administration will be able to resolve anytime soon. As the confusion continues, small businesses and the people they employ continue to be left in the dark about what January 1, 2014 will mean for them and their health care needs.

The subject of today’s hearing is certainly not a magic elixir that can solve all of these problems for every small business, but it could be an option. Amid all of this confusion, small firms need as many options as they can find to keep their businesses moving forward.

In a self-insured situation, an employer can choose to assume all or a portion of the costs and risks associated with sponsoring a health benefits plan. Under this arrangement, the employer forecasts how much it is likely to spend on health benefits in a given year and then decides whether or not it makes practical or economic sense for that employer to pay those costs out of pocket, or purchase a fully-insured product.

Traditionally, small businesses have not utilized the option to self-insure. According to the Kaiser Foundation, only about sixteen percent of employees at small firms are covered by a self-insured policy as opposed to eighty three percent of employees at large firms. But with the onslaught of regulations, cost increases, and uncertainty surrounding fully-insured plans as a

result of the President's health care law, more small businesses may choose to explore self-insurance as a manner of providing competitive benefits packages for their employees.

Some small business owners may find that a self-insured policy would be cheaper or it may offer them greater flexibility in designing the health coverage they want to provide for employers. That said, there are some potential disadvantages as well, such as instances of higher than expected employee claims and additional administrative costs that may discourage smaller firms from utilizing self-insured plans.

We're not here today to advocate one method over the other, rather, we're here to examine if self-insurance is a viable solution for some small businesses. If so, we ought to continue to preserve that option for them, especially considering the uncertainty surrounding the fully-insured market place as Obamacare continues to be implemented.

Again, I thank all of you for being here with us today. I look forward to hearing the testimony. But before we do, I would like to yield to ranking Member Hahn for her opening statement.