



Opening Statement of Chairman Sam Graves
Hearing: “The Health Care Law: Implementation and Small Businesses”
House Committee on Small Business
April 17, 2013

Good afternoon. I call this hearing to order.

I want to thank the witnesses for being here today. We look forward to your testimony.

Today, we will examine the implementation of one of the most far-reaching laws in our nation’s history – the health care reform law -- and its consequences for small businesses. Signed into law on March 23, 2010 – just over three years ago – this is a good time to assess how small businesses are faring as the law is being implemented.

According to a February 2013 Newtek Business Services poll, 65% of small business owners do not have a strategy to manage their health care costs over the next 12 months. Many small businesses are not even aware yet of the thousands of pages of mandates, requirements and taxes in the health care law, or they are uncertain of how to comply.

Some provisions are already in effect, including: a new tax on the sale of medical devices; a new Medicare payroll tax for higher earners; a new net investment income tax for higher earners; new limits on tax-favored health spending accounts; and Medical Loss Ratio provisions. Next year, the employer mandate; the individual mandate; the requirement that employer plans cover a wide range of “essential health benefits;” and the tax on health insurers, all become effective.

In a recent U.S. Chamber of Commerce survey, 86% of small businesses said regulations and taxes negatively affect their ability to operate. Seventy-five percent expect the health care law will increase their costs, and 71% believe the law will make it harder to hire more employees. Just 5% expect it to make health care coverage more affordable.

Small companies, already hurting, are struggling to find ways to absorb additional costs. Beginning in 2014, the employer mandate will require employers with the equivalent of 50 full-time workers to offer affordable health insurance to employees who work more than 30 hours per week -- or pay a penalty. This one change is already causing small business owners to consider shifting workers to part-time status, reducing their workforce, or not hiring. In a comment letter I sent to the Treasury Department on its employer mandate proposed rule, I suggested minimizing the law’s impact on small employers -- for example, not deeming just 30 hours per week a full-time work week.

Small businesses are concerned, and for good reason. All employers -- even small businesses with fewer than 50 workers not subject to the employer mandate -- will be affected by various reporting, notification and recordkeeping requirements. A January 2013 analysis by Dr. Douglas Holtz-Eakin -- one of our witnesses today -- found that the law will dramatically increase the cost of premiums for small employers.

And the temporary small business health care tax credit has helped few. A Government Accountability Office report I requested found -- despite estimates that 1.4 to 4 million small firms would be eligible -- in 2010, only about 170,000 claimed even a partial credit.

These are the same small businesses we are counting on to grow, invest and create new jobs. And the law's provisions and regulations are still coming. Today, we will hear from small business owners and others about the effects of the health care law's implementation. We look forward to the testimony.

Now I yield to Ranking Member Velázquez for her opening remarks.