



BEFORE THE HOUSE HEALTH & AGING COMMITTEE
Opponent Testimony on House Bill 248
Wednesday, October 14, 2015

Chairman Gonzales, Ranking Member Antonio, and members of the House Health & Aging Committee, my name is Keith Lake, and I am the vice president of government affairs for the Ohio Chamber of Commerce. I am here today to testify in opposition to health care mandates. House Bill 248 is a health care mandate, as it requires all health insurance policies to include coverage for a specific type of prescription drug.

The Ohio Chamber is the state's leading business advocate, and we represent nearly 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

Health care costs are a top concern in any survey of business leaders that you see. The reason is simple: in 2015, 98 percent of large companies – those employing 200 or more workers – offer health benefits to at least some of their workers, as do 56 percent of small firms. Approximately 55 percent of all Ohioans are covered by a health insurance policy sponsored by an employer – that's around 6.3 million Ohio workers and their families.

Of the 8,000 Ohio Chamber member companies, nearly 90 percent are small businesses with fewer than 200 employees. Small businesses are the ones most directly impacted when the legislature passes additional health care mandates. That's why you'll also be hearing today from the chairman of our Ohio Small Business Council. OSBC was formed to promote and protect the establishment, growth and vitality of small businesses in Ohio.

There are already 31 mandates on the books in Ohio. HB 248 would be number 32. Other states have many more. Rhode Island, for example, has almost 70. In addition to HB 248, there are several other bills currently pending in the General Assembly that seek to impose different mandates. There is almost literally no end to the

possible treatments and conditions for which the legislature could mandate coverage.

The intent of each of these bills is, of course, noble. Each time a proposed mandate is debated, supporters make a sincere and heartfelt appeal as to the benefit it is expected to bring to certain patient populations or to society in general.

But small businesses don't have the luxury of picking and choosing. Once the state piles on another mandate, its small businesses that bear the financial brunt of mandates.

Larger businesses typically choose to self-insure, and thus are free from both the package of "essential health benefits" mandated by the federal government per Obamacare, as well as all of the mandates imposed at the state level. They are free to design a health insurance plan that best meets the needs of their employees and families.

Small businesses want the same freedom. Unfortunately, due to health care mandates, small businesses are robbed of that kind of flexibility. They are forced to pay for coverage that includes all of the conditions the legislature says they must – whether their employees desire, need, or would utilize such coverage or not. Other types of health care coverages or services that employers might otherwise choose are not even offered because insurers must offer the benefits mandated by the state instead. Essentially, small businesses are forced to purchase a one-size-fits-all, government-knows-best health insurance plan.

As Robert Graboyes, a senior research fellow at the Mercatus Center at George Mason University who specializes in the economics of healthcare, wrote in a recent research paper, "state benefit mandates homogenize the design of health insurance policies, leaving less room for innovation and optimization."

Beyond limiting flexibility, another huge concern for employers is the impact mandates have on the cost of health insurance, which only continues to climb. In just the past decade, average annual premiums for employee health insurance have gone up more than 60 percent. According to the Ohio Department of Insurance, the costs of health insurance for small businesses rose 18 percent in 2014 alone, and another 15 percent in 2015. That's about \$1,425 per employee. And those are just averages. For many small businesses, such increases would almost seem reasonable.

Unfortunately, each new mandated benefit puts further upwards pressure on health insurance premiums. Most people – whether for or against mandates – agree that mandated benefits increase health insurance premiums. How much a particular

mandated benefit will impact insurance premiums varies, but whether the cost of the mandate is significant or nominal, it still contributes to making health insurance more expensive.

What significantly increases the cost of health insurance and could eventually price many employers out of the market is the cumulative effect of mandates. Employers simply can't afford to just continue to absorb higher premium costs due to government interference in the marketplace.

I can't tell you that passing this particular new HB 248 mandate will lead to a sizable number of employers dropping health care coverage for their employees. But I can't tell you it won't either.

What I can tell you is this: for most small businesses, profitability isn't rising at the same rate that their health care costs are. Their options to offset these increases are both limited and obvious: shift to a plan with a higher deductible; increase the amount of premium employees must contribute towards their coverage, reduce wages or other employee benefits; etc. At some point, however, health care coverage will become too expensive for some – and they'll be forced to drop coverage.

I mentioned earlier in my testimony that today, 56 percent of small employers offer coverage. Fifteen years ago, this number was 68 percent. For many of the ones that once offered coverage but no longer do, they stopped because it simply became too expensive. At the very least, mandates accelerate this timeline. It doesn't make sense for the General Assembly to give businesses another reason to drop coverage for their employees. Supposedly better coverage does you no good if you lose your coverage altogether.

Businesses in Ohio aren't callous. They aren't oblivious or indifferent to the drug epidemic that's plaguing Ohio. They simply want you and your fellow lawmakers to understand that there is another side of this policy coin that too often gets ignored.

Please don't pass any bill that further contributes to rising employer health care premiums. Mandates drive up the cost of health care for families and businesses. The Ohio Chamber and the Ohio Small Business Council urge you to oppose HB 248. Thank you.