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Dingell: Health reform benefits businesses

Small firms can insure more employees and help the U.S. economy

U.S. REP. JOHN DINGELL

In March, Mark Hodesh watched the debate, read the stories, and closely studied the health care reform bill. And after taking in all the changes and how the reform law would affect the 11-person, 100-year-old Downtown Home and Garden store he runs in Ann Arbor, he calculated that he would actually save money and could hire a new employee.

"We and other small businesses may spend the health care cost savings on additional insurance for our employees (we could cover 100 percent rather than 75 percent of their costs) or on business expansion. Either way it will put the savings back into the economy," Hodesh said in a letter to my office.

'Pure stimulus'

I am confident others will see what Hodesh found -- the health care law is pure stimulus. More than 11,000 area entrepreneurs will join as many as 4 million small businesses across America benefitting from \$40 billion in tax credits -- and those benefits begin immediately.

In 2010, small business employers will be eligible to claim 35 percent of premiums paid. In 2014, the credit increases to 50 percent.

Small businesses have been getting crushed by health care costs. Hodesh says health care for his business went up 300 percent over 10 years.

"I can't raise the cost of a frying pan to cover it," he said.

Besides cold hard cash, the law gives our small businesses new incentives to woo the best and brightest employees.

The Council of Economic Advisers reported in July that "(o)nly 49 percent of firms with 3 to 9 workers and 78 percent of firms with 10 to 24 workers offered any type of health insurance to their employees in 2008."

Time Magazine wrote last November "(w)orkers at companies with fewer than 200 employees (that offer coverage) pay an average of \$4,204 out of pocket per year for family health insurance, compared with \$3,182 for workers at firms above the 200-employee threshold."

Moe Yassine, president of Teraeon, a Dearborn Internet consulting firm, told me his business "for a long time could not afford to purchase health insurance for its employees. I can tell you that good employees do not want to work for a company that does not provide health insurance."

He later said the new law would help him afford more insurance for his workers.

Elaine Selo, owner of Selo/Shevel Gallery in Ann Arbor, adds "we like to keep good people around. They are talented and trained. If you can't keep them around, you are losing ground."

More good than harm

As for the argument that the new law creates too much red tape and additional burdens, I will borrow the wise insight of Ms. Selo, who notes that the law "provides us with a tax break for simply doing more of what we are doing ... providing health care to the people who work just as hard in our store as we do."

While we are offering small business owners a historic tax cut, small-minded opponents of reform want to make this into an argument about paperwork hoping people won't notice.

But buyer beware: repealing these tax cuts will make items at your favorite clothing, hardware and toy stores more expensive.

Groups like The National Federation of Independent Business seem determined to convince members the new law does more harm than good. They point to the employer mandate, saying it presents dire consequences for small business.

The NFIB doesn't tell members that any company with less than 50 employees is exempt from the mandate. They also fail to mention that small businesses currently pay an average of 18 percent more in premiums than large firms for the exact same benefits. This new law will end this inequity: small businesses will be able to get insurance through the new exchanges, enabling them to leverage the purchasing power that comes from pooling large groups of people and giving them similar prices to those enjoyed by large businesses.

There are those who ask me why some business executives and the organizations that represent them are spreading lies and inciting fear.

I can't speak for the opposition. But opponents of the new law ought to listen to the folks on the ground, those keeping commerce alive on Main Street -- running stores and surviving through the worst economic conditions in recent history.

They are finding a lot of good in this bill. And good news for them is great news for Michigan's workers.

U.S. Rep. John Dingell is a Democrat from Dearborn.

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