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How a group calling itself the ‘Small Business Majority’ works to harm small businesses

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What if there were a small business advocacy group that spent its time advocating for policies that hurt small businesses?

Such a group exists. It's called the Small Business Majority, or SBM.

Funded with millions of dollars from big liberal foundations like Ford and Robert Wood Johnson, SBM spends its time taking the other side of the biggest issues facing small businesses, including regulations, taxes, and healthcare. It supports higher minimum wages and additional workplace mandates, both of which harm job creation. It opposed the recent tax cuts that delivered the biggest tax cut to small businesses in U.S. history. And it supports Obamacare.

SBM's latest policy position that doesn't represent small business interests is its opposition to the forthcoming expansion of association health plans, or AHPs, which allow small businesses to band together to purchase less expensive health insurance. John Arensmeyer, SBM's CEO and a longtime Bay Area Democratic operative and donor, testified before the Senate Health, Education, Labor and Pensions Committee recently and bizarrely claimed that AHPs would be bad for small businesses. As with most of SBM's public policy positions, the reality is just the opposite.

Expanded AHPs would give small business owners more choices at lower costs. That's why President Trump issued an executive order last fall directing the Department of Labor to expand them. And a new rule doing just that should be released in the coming weeks. The rule will likely move oversight of AHPs to the federal level to put them on a more level playing field with larger employer-sponsored plans. This

reform will allow AHPs to operate across state lines, a long-sought-after goal by those who recognize that competition produces better products and services at lower prices. The rule will also likely relax eligibility requirements so more small businesses can take advantage of them.

So what's not to like? SBM's opposition is largely based on the oft-cited liberal critique that such healthcare reforms creating more choice would also result in an even worse adverse selection problem for Obamacare plans. In other words, healthier people would be drawn to lower-cost options if they existed, leaving sicker and more expensive patients in Obamacare and raising its costs further.

Of course, in making this argument, SBM is actually unintentionally conceding that AHPs will produce substantial savings and become very popular if they are unleashed on the market. While it's true that more healthcare options may expose the fiscally unsustainable nature of Obamacare, this is hardly a reason to stick with the failing status quo for small businesses. In fact, it's all the more reason to allow multiple new healthcare options to enter the market.

To give you some idea of SBM's bona fides as a small business advocate, it was one of the leading cheerleaders for Obamacare during its passage. So its blind allegiance to propping up the program is understandable. But some of the claims in SBM's testimony are wildly misleading. For instance, Arensmeyer claimed that AHPs threaten the health coverage gains made under Obamacare. What isn't mentioned here is that the overwhelming majority — perhaps nearly all — of the coverage gains under

Obamacare were a result of its Medicaid expansion. And AHPs would have no impact on Medicaid.

Arensmeyer also claims that small businesses support Obamacare. That contradicts nearly every small business survey conducted by other organizations. The available surveys repeatedly find that rising healthcare costs under Obamacare are one of the top barriers to business and job creation, growth, and success. In a Job Creators Network nationwide poll of small business owners earlier this year, three out of four respondents said they were concerned about the cost of healthcare in 2018, with two-in-three saying the cost prevents them from being able to offer their employees coverage.

It's no wonder. The repeated double-digit healthcare cost increases caused by Obamacare have caused a significant drop in small business coverage. Between 2008 and 2015, the proportion of small firms that offered healthcare fell by about one-third. And the majority of small businesses are sole proprietorships, which are forced to contend with the individual marketplace where some states like Georgia and Florida saw price increases of around 50 percent this year.

Until now. Expanded AHPs will finally offer small businesses owners long overdue healthcare choices and cost relief. Only in the Bizarro World that SBM lives in could this be a bad thing for American small businesses.

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