

It will ravage small business (3/19/10)

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*Washington Post: House Democrats released their [new version of the health bill](#) on March 18.
What's your assessment of the legislation?*

The Senate bill and reconciliation package will ravage small business. How ironic, given the endlessly repeated, "Let's reform health care for the benefit of small business."

What does the original Senate bill (HR 3590) mean for small business? It means higher taxes and higher insurance costs. There's a new tax on health insurance policies that small businesses buy, but not on those that big businesses and labor unions buy. A painful employer mandate will lower wages, slash jobs, and discourage small firms from growing. This mandate uniquely and arbitrarily falls much harder on construction firms, though the bill never bothers to define what a construction firm is. There are new and onerous red-tape requirements. A new payroll tax will devour funds that small business owners set aside to reinvest in their firms; while it's nominally a "Medicare" tax, it sets a dangerous precedent by siphoning funds out of Medicare into other uses. A tax credit is supposed to ease the burden on small business, but it is of limited value and short duration.

What does the Reconciliation Act (HR 4872) mean for small business? It takes the Senate bill's employer mandates and makes them even more expensive. It applies these mandates to part-time workers, making it undesirable to hire high school and college students, firm owners' family members, and people who spend most of their time caring for children. A new and unprecedented tax on investment income will discourage the saving and investment that leads to job creation.

Beyond the effects on small business, the bills fail at the basics of health-care reform. Costs will continue rising rapidly - perhaps even faster than before. Tens of millions will remain uninsured indefinitely. The CBO's prediction of lower federal deficits rests on accounting gimmicks that Congress forced them to use. Improvements in quality of health care are an afterthought.

Worst of all, these job destroying provisions coincide with the worst economic crisis since the Great Depression.