

TESTIMONY BEFORE THE UNITED STATES CONGRESS  
ON BEHALF OF THE  
**NATIONAL FEDERATION OF INDEPENDENT BUSINESS**

**NFIB**  
The Voice of Small Business.®

Testimony of Scott Bollenbacher,  
House Committee on Education and the Workforce  
February 1, 2017

*Rescuing Americans from the Failed Health Care Law and Advancing Patient-Centered  
Solutions*

Good morning, Chairwoman Foxx, Ranking Member Scott, and members of the Committee on Education and the Workforce. My name is Scott Bollenbacher. I am a Certified Public Accountant (CPA) and the managing partner of Bollenbacher and Associates, a CPA firm serving individual and small business clients, most of which are family owned.

I started the business in 2004 with six employees serving 400 clients. We have grown to 11 full-time employees and six part-time employees serving 1,600 clients. Even though we are in the middle of our busy season, I felt this issue is so important that I accepted the invitation to testify. I am pleased to be here on behalf of the National Federation of Independent Business (NFIB) to discuss how the Affordable Care Act (ACA) has impacted our business and our clients at today's hearing.

NFIB is the nation's leading small business advocacy organization. Founded in 1943 as a nonprofit, nonpartisan organization, NFIB's mission is to promote and protect the right of its members to own, operate, and grow their businesses. NFIB represents about 325,000 independent business owners located throughout the United States.

As a small business, we are a close-knit family. Our employees are much more than "employees." They are our friends. We care for them deeply. We care for their families. We want to provide for them, provide benefits, and help them any way we can. We know that our success as a business depends on our team. Most of our employees have been with us for ten years or more.

From 2004 to 2014, our firm maintained a high-deductible health insurance plan accompanied by a health savings account (HSA). Many of our clients maintained a similar benefit. The firm paid the entire premium and funded up to \$3,000 per year into employees' HSAs. This plan worked well for the business and our employees. We saved tax-preferred funds for predictable and unforeseen medical expenses.

During that period, our premiums increased eight to twelve percent annually. These premium increases impacted raises and rates but were manageable.

In late 2014, our benefits consultant informed us that our policy no longer qualified under the ACA because it did not cover the entire Essential Health Benefits package, specifically pediatric dental coverage. Despite the lack of children on the plan, I requested adding that benefit but we were unable to do so. We lost our plan.

We did not know what to do and had little time to choose a new option, but we explored all available options with our consultant.

### **No Good Options**

- 1) We considered purchasing insurance through the Small Business Health Options Program (SHOP) exchange. However, that plan would have cost over 50 percent more than our previous plan with less coverage.
- 2) We considered dropping health insurance altogether and increasing employees' salaries to help them purchase insurance on their own. IRS restrictions made this option difficult.
- 3) We considered a health care sharing ministry called Medi-Share.
- 4) We considered self-insuring.

The only feasible option at the time was a partially self-funded plan with a \$25,000 stop loss policy. I believe our firm was the smallest group they accepted at the time. Self-funding came with increased compliance responsibilities and increased risk, but it seemed like the best option. The premiums were similar to our previous plan, but the coverage was not as good. It carried a higher deductible and did not cover vision care. It did not cover my family's doctor. We maintained this coverage for two years.

In the fall of 2016, our benefits consultant informed us that our carrier no longer wanted to offer self-funded health plans to small businesses, so they proposed to raise our premiums by 156 percent. We could either pay the increase or leave. We left. Essentially, our plan was canceled again.

As with most small businesses, we must watch our expenses. A 156 percent increase was not possible. Once again, we worked with our benefits consultant to explore all options.

Shopping for the right plan is complicated for us because the firm is close to the Indiana-Ohio border, and our employees live in both states. We must find a policy that is accepted by doctors and hospitals on both sides of the state line.

We finally settled on another fully-insured plan at a 78 percent premium increase. It was our only available option. Most of our employees liked the HSA option we maintained for 12 years, but this plan is not HSA eligible.

The experience has been frustrating and stressful. The increases and cancellations are unsustainable for small businesses.

### **Similar Client Experiences**

I don't know of any clients who were uninsured previously. Many clients suffered plan cancellations, forcing them into the exchange marketplace. Some anecdotes include:

- A church could no longer provide three ministers with tax-preferred money to purchase coverage in the individual market due to IRS guidance. The pastors ended up purchasing coverage on the individual exchange that was twice as expensive because they did not qualify for a subsidy.
- A cabinet manufacturer with around 25 employees could no longer contribute the entire premium to their employees after a 44 percent increase for their 2017 plan.
- A pallet manufacturer with 110 full-time equivalent employees, who could neither afford the \$500,000 insurance costs nor the \$70,000 employer mandate penalty, was forced to terminate 80 employees and subcontract out some work.
- A farmer couple, who earn just above subsidy-eligibility, had to pay the entire 38 percent increase after a plan cancellation at the end of 2014.
- A single female small business owner suffered a policy cancellation, forcing her into the individual exchange marketplace where her premiums doubled without a subsidy.

I want you all to know what is going on in the real world with "average Joes and Janes." We work hard every day. I brought a picture of our team so you can see we are real people. We have been hurt badly by the cost increases caused by the ACA and request your assistance in fixing this issue.

As you consider repealing and replacing the ACA, I encourage you to focus on lowering costs and increasing flexibility for small businesses. Thank you again for allowing me to share our story today. I am happy to answer any questions.