



**Testimony in Support of HB2717 by Mr. Daniel Murray**  
**Kansas State Director, National Federation of Independent Business**  
**House Taxation Committee**  
**February 29, 2012**

Good afternoon Chairman Carlson and members of the Committee. My name is Dan Murray and I am the State Director of the National Federation of Independent Business/Kansas. NFIB is the state's leading small business organization representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB represents the consensus views of its over 4,100 members in Kansas.

I am pleased to be here in strong support of HB2717. Very simply, the bill would allow small business employers the ability to contribute to the insurance premiums of their employees' individually underwritten health plans. This arrangement will allow employees to maintain their individual plans, if they prefer, providing flexibility and portability. Further, this should benefit small employers because the contributions would be made to tax-sheltered health reimbursement arrangements (HRAs). Note: The bill would require that any contribution to an HRA for individually underwritten health insurance policies be equal to the amount the employer would have contributed had the employee elected to participate in the small employer's group plan.

Since 1986, the National Federation of Independent Business' members have said that healthcare costs are their No. 1 concern. In a recent NFIB poll, nearly 81 percent of small business owners say that finding affordable healthcare for themselves and their employees is a challenge. Fifty percent of small business owners say they anticipate having difficulty keeping up with the cost of healthcare over the next four years. And, of the nearly 46 million Americans without healthcare, more than 26 million are small business owners, employees and their dependents.

Further, small businesses do not have the purchasing power and large pools to spread experience that big business does. In fact, small businesses, on average, pay about 18 percent more for health insurance than their larger counterparts for the same group of services. Such data suggests that small employers either pay more for the same services or receive less (in terms of services) for their health insurance. In either case, the point remains that health insurance is more expensive for small businesses.

Finally, some may contend that HB2717 will negatively impact the small group market. Well, I've got news for the bill's detractors: **The Small Group Market is failing and broken.** According to the Kaiser Family Foundation, the percentage of small firms (3-24 employees) offering health benefits in 2000 was 50 percent. In 2011, that percentage had dropped to 38 percent!

With the rising cost of providing healthcare benefits, an increasing number of employers are looking for innovative ways to stretch their healthcare dollars. Additionally, many small businesses which do not currently offer health insurance benefits are looking for ways to actually provide insurance to their employees. As you know, health benefits are a key tool to recruit and retain qualified employees. The proposal contained in HB2717 represents a market-driven reform which aims to insure more individuals and employees and equalize the tax treatment for small businesses who want to offer health benefits.

Very simply, we believe HB2717 is a proposal which will reduce the number of uninsured Kansans by allowing small businesses and their employees another reasonable health benefit option. NFIB urges your support of HB2717.