



# Statement of the U.S. Chamber of Commerce

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**ON: SMALL BUSINESS HEALTH CARE STRUGGLES**

**TO: HOUSE COMMITTEE ON ENERGY AND COMMERCE  
HEALTH SUBCOMMITTEE**

**BY: TONY MONTVILLE**

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The Chamber's mission is to advance human progress through an economic, political and social system based on individual freedom, incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business -- manufacturing, retailing, services, construction, wholesaling, and finance -- is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 105 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

**Statement on  
Small Business Health Care Struggles  
Hearing before the  
House Committee on Energy and Commerce  
Health Subcommittee  
on behalf of the  
U.S. CHAMBER OF COMMERCE**

**By  
Tony Montville, HealthTek Solutions  
April 25, 2007**

Chairman Pallone, Ranking Member Deal, and members of the Health subcommittee, thank you for the opportunity to be here with you today. I am Tony Montville, founder and Chief Executive Officer of HealthTek Solutions. For the past 18 years, my company has provided IT Software and Consulting services to hospitals in the United States and Canada. I am also here on behalf of the U.S. Chamber of Commerce, where I am an active member of the Small Business Council. The U.S. Chamber of Commerce is the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region. Over ninety-six percent of the Chamber's members are small businesses with fewer than 100 employees. I am pleased to be able to submit the following testimony for the record and commend the Energy and Commerce Committee for holding this hearing.

When I started my business in 1989, I had a belief that being successful in business boiled down to one simple philosophy: If at all times you do the right thing for the right reason, you will achieve whatever goals you set. I chose to build a service business to be able to help others achieve their goals and to that end I feel I've been very successful. I've celebrated having a strong reputation and very loyal customers.

I have a unique perspective watching the evolution of our healthcare industry over the last two decades. HealthTek started working exclusively on business office systems in hospitals. That means every time there were regulatory changes that impacted patient information, we were the company that was called in to modify the hospital's systems to comply. Anything related to insurance reporting and reimbursements, medical record keeping, patient communication, or confidentiality was ours to fit into the existing Hospital IT infrastructure. Today we've grown to a 10 million dollar consulting firm and software developer that has expanded to include clinical informatics, medication management, HIPAA compliance, and patient safety consulting.

I am also a small business owner and have to deal with the same trials and tribulations that all small business owners deal with. We all have human resource issues, financial challenges, competition, changing markets and employee benefits. We are always spread too thin and rarely have a huge safety net beneath us.

Being in the consulting business, I employ highly trained and highly specialized people. Several of my employees are CFOs, CIOs, nurses, pharmacists, certified lab and radiology technicians who chose to continue their career in consulting. These individuals are highly sought after and my organization must have a very strong compensation and benefit structure to attract and retain the top talent. To that end, I have made it my goal to offer health insurance to my employees and pay 100% of their premiums.

By far, the biggest challenge I've dealt with has been providing affordable and comprehensive healthcare to my employees that is as flexible and comparable to the larger firms that I compete with. Unlike many companies my size, I have the added complexity of a demographically and geographically diverse workforce. My employees live and travel all over the country. I have an employee living in Chicago that works every week in Miami, another who lives in Iowa working in Alabama, and one in St. Louis working in Los Angeles. I need to have a national plan with the flexibility of having a large, national network of physicians and a reasonable out of network fee schedule. Because I have fewer than 50 employees, there are only 8 companies offering a national plan that meets my needs, and only 3 will underwrite a policy for my company because I have less than 50% of my employees residing in Virginia. All 8 are expensive, and to make matters worse, the average age of my workforce is 41 years old.

Several years ago I was taught a very hard lesson about the business of insurance that I will never forget. Over the years, I had seen normal and reasonable increases in my insurance premiums as I expanded my business and my staff. I was loyal to one carrier and had renewed my insurance for, I believe, the eighth year in a row. About two months after renewing the policy, one of my employees, a 24-year-old human resources assistant, was diagnosed with a very curable form of cancer. Within one month of that diagnosis, my insurance was cancelled for a supposed missed premium payment, without notice or warning. It was brought to my attention when, several weeks later, my employees started to get claims denied saying we no longer had insurance. When I contacted my carrier, I was informed that they had every right to cancel my policy and had no intention of reinstating it; however they would be more than happy to write a new policy with significantly higher premiums. I turned to the few other carriers that offered the kind of plan I needed and chose the most cost effective one. I had to scramble at the eleventh hour to avoid problems with preexisting conditions for my employees based on a gap in coverage that I didn't even know existed. Before this crisis, I was paying \$12,000 per month to provide insurance to my 34 employees and their families. It immediately jumped to over \$23,000 per month. Yes, nearly a 100 percent increase. During the following plan year, my HR assistant was cured of her cancer and decided to have a family. She left HealthTek in 2003 and when my insurance came up for renewal, my rates dropped back down by 35 percent and put me at a level comparable with what I should have expected all along. In the subsequent two years, I was faced with premium rate increases of 13 and 31 percent, which was the same for competing plans.

Since then I have tried several things to keep the level of benefits as high as I can while maintaining some level of affordability. In 2005 I was presented with an alternative to our traditional insurance plan: a plan with a high deductible paired with the option of a

Health Reimbursement Arrangement (HRA) or Health Savings Account (HSA). Most of my employees chose the HRA option which I fund at 75% of their deductible. By offering this type of plan, we could put some accountability for healthcare spending habits in the hands of my employees and have them become more cognizant of how they spend their healthcare dollars. We invested a great deal of time educating them on how to use the plan and the consequences of inappropriate use of emergency rooms and ambulatory centers. Unfortunately, during the first year on the new plan, spending habits didn't change much and we were faced with a 20 percent rate increase. Our insurance carrier sponsors a wellness program and provides a discount for participation, so last year I encouraged everyone to participate. Spending habits began to improve, but their wellness participation did not.

This year I have strongly urged and encouraged the participation in our wellness program. The plan is divided into two distinct sections: prevention and lifestyle. The focus on prevention includes ensuring my employees get annual physicals that include blood pressure, cholesterol, mammogram, and prostate screening, among other necessary routine care. The focus on lifestyle offers employees perks and recognition for hitting various levels of participation and goals. I have a designated wellness coach who communicates the successes of my employees. We share who is taking a karate class, yoga, Pilates, walking their dog after work, or trying to quit smoking. The peer-to-peer involvement is catching on and employees are encouraging their colleagues to participate—and it is spreading. I have also informed my employees that the incentives to participate will continue to increase. I am encouraged by the efforts and changes that my employees are making and I believe that prevention and wellness is a vital factor in long term cost reduction in health care. While the transition to the high deductible health plan has had its share of headaches, I am staying with the plan.

Looking to the future, I hope to see a time where other small business owners and I will have more options to choose from when purchasing health insurance and the free enterprise system ensuring that affordable health care is available to everyone. A small business should not be penalized for its lack of size or its diversity of workforce. Every small business owner I know shares this sentiment. We want to offer affordable, dependable health insurance to our employees and the type of flexibility that will keep us competitive in our respective marketplaces. To ensure this, we call upon Congress to help.

Small businesses are the engine that drives our nation's economy and must be a top priority for lawmakers. An overwhelming majority of firms in this country are businesses that employ less than 20 people; and 80 percent of new jobs are created by these small businesses. Many businesses want to offer health insurance, not only because it is good practice that helps them compete for good workers, but because it is the right thing to do. Congress can, and should, consider legislation that can help small business owners like me.

For years, the Chamber and I have pushed for legislation that would provide relief to small businesses through Association Health Plans (or Small Business Health Plans).

Small Business Health Plans allow trade and professional associations to provide cost effective and accessible health insurance across state lines to their membership. This type of national plan would be beneficial to my employees who live and work all over the country. Small business health plans also greatly reduce administrative expenses that needlessly inflate the already burgeoning cost of health care. These plans would also spread risk among a much larger group, thus strengthening negotiating power with plans and providers.

Another proposal with merit would create a national market for health insurance that would allow employers and individuals to buy an insurance product from a state other than their own, which would help with unnecessary state regulation. Congress should examine legislative proposals that can help drive down costs in our health system, such as promoting the widespread adoption of health information technology and by reforming our medical liability system. Also needed in our health care system are improvements to Medicare and Medicaid reimbursements that place greater emphasis on incentives for quality and outcomes.

I am also encouraged by proposals that would provide tax credits to small businesses to help provide insurance, and that would allow a level playing field for individuals and the self-employed by giving them deductibility of health insurance premiums. Congress can also take a look at improving Health Savings Accounts, to which 4 million Americans have already subscribed. Giving more flexibility to funding and using these accounts will make the products, which are an affordable alternative to traditional PPO plans, more attractive to employers and employees. I am also supportive of legislation that would amend the Internal Revenue Code to allow small businesses to set up simple cafeteria plans to provide nontaxable employee benefits to their employees, to make changes in the requirements for cafeteria plans, flexible spending accounts, and benefits provided under such plans or accounts.

Lastly, I encourage Congress to take note of the success that many employers and employees are experiencing by changing our focus from “sick care” to true “health care” through preventative health care. The Chamber shares my dedication to prevention, wellness, and overall health management and believes, like I do, that this is the only way we will see true savings in our health system. Proposals that would offer tax credits to employers who provide comprehensive wellness programs for their employees would be a great help in promoting these efforts. Toward that end, the Chamber is leading efforts to encourage maximum business participation in wellness programs that enhance healthy lifestyles of employees and their dependents. The Chamber, in collaboration with the organization Partnership for Prevention, will soon release an employer-specific best practices guide designed to enhance the effectiveness of wellness programs.

Thank you for the opportunity to join you today. As a small business owner, I look to you to continue to protect small business’ ability to be competitive and to create jobs by solving one of our biggest challenges. Fixing our nation’s health care system is no easy task, but I hope it is one you will carefully deliberate and constructively approach in this Congress.