

**Statement of Scott Eckstein**  
**On behalf of the National Association of Home Builders**  
**Before the House Small Business Committee**  
**January 23, 2008**

Good morning Chairwoman Velazquez, Ranking Member Chabot, and Members of the Committee. My name is Scott Eckstein. I am a 41 year old self-employed custom home builder and remodeler from Naperville, Illinois, a growing suburb 35 miles West of Chicago. My wife Jackie and I work together in our family business along with raising 3 daughters, ages 20, 16 and 11. I have operated my two companies, Dupage Design and Construction Inc. and James Scott Custom Builders, for the past 15 years. I currently employ 5 full-time workers and my companies have thrived in the Northern Illinois market.

This past December, I was elected President of the Home Builders Association (HBA) of Illinois, a federated association of the National Association of Home Builders. The HBA of Illinois represents over 5,000 businesses throughout the state. Although Illinois builders experience great geographical differences, the issues we share in business and life are quite similar. Nearly 80 percent of our members are small companies, such as mine, and have similar issues and concerns. In my first month as President of HBAI, I have been traveling the state and meeting with members. I have quickly learned that the issue of health care and its affordability is overshadowed only by the concern for the housing market, in general. I find it ironic that the very people that house our country's doctors cannot afford proper health coverage for themselves, their families, or their employees. I hear the rhetoric in every presidential election, past and present, about increasing access to affordable healthcare. Yet after the polls close and the politicians are elected, nothing ever changes and we are faced with a deeper quagmire than before. It is time for the federal government to stop talking and start acting on behalf of the American business owner. During the last recession, following the tragedy of 9/11, the home construction industry carried the national economy through those tough economic times, preventing a deeper recession from taking hold. Today, we still have men and women from our industry helping clean up what Hurricane Katrina left behind. Every day in our industry, people pull together to help others, yet shamefully many of these people cannot afford proper health care coverage.

When my first daughter was born, I was only 21 years old and employed in a management job with a large national retailer. I had excellent insurance coverage and paid less than \$350 a month to insure my young family. When my wife's pregnancy of our first daughter required an emergency C Section, there was no discussion, doctors acted decisively, and within minutes I was by her side in the operating room to experience the birth of our first child. A few years went by and I realized the dream to start my own business as a remodeler. Luckily, I kept my insurance through a COBRA extension, because three months later I was injured at home and required medical care. I carried on that insurance for years; each year experiencing large increases, but never having an affordable option for change. A few years later, I went to work for a mid-size builder in the Chicago land area. That employer provided me with health insurance

coverage through an HMO program with Humana. Sixteen months after starting this job, my wife and I found ourselves expecting our second child. This time the doctors advised us that a Caesarian wasn't necessary. Well they were wrong. My daughter was stuck in the birth canal and was born with an APCAR Score of zero. She was later resuscitated, but not before she suffered some brain damage and Erbs Palsy, which still affects her today. Because of this occurrence I have been unable to change my insurance coverage for the past 16 years, despite the annual double digit increases.

Thankfully, my third daughter was born without incident. Due to my ability to hang on to my rising health insurance coverage her birth was as it should have been, a happy and wonderful experience.

My personal policy that once cost me under \$600 dollars per month for my young family was as high as \$1,819 per month before I removed my wife and two daughters. I now pay \$865.43 per month for my daughter and I. My wife and my 2 additional daughters then cost an additional \$800 per month. I now pay in excess of \$21,000 a year to provide my family with unreliable health care coverage. My wife spends, on average, 2-4 hours a week on the phone with our insurance companies fighting for coverage, prescription refills or payment of bills. My daughter with preexisting conditions, as a result of her birth injury, often misses scheduled therapy appointments because of the carrier's inability to process referrals when needed. This has been a part time job for my wife since my daughter was born sixteen years ago. This is the quality coverage the average American business owner can expect for \$22,000 dollars a year? I can only assume it will be in excess of \$27,000 if the insurance providers continue at the current rate. Not reflected in the year to year increases is that we have, from time to time, raised our deductibles or sacrificed elements of coverage to control rising costs. It is simply not possible to give a true year to year comparison because too many variables are in play.

In addition, my father retired about 8 years ago, and has worked for me on a part-time basis. I have tried to provide him and my mother with health insurance coverage several times over the years. However, I have never been able to add them to my employee coverage because it increases my full-time employees' rates to an unaffordable level. I have gathered some data from my insurance agent over the past few years. Using some examples I can show you how absolutely unpredictable the insurance carriers can be from year to year.

Employee "A" and his family coverage in 2003 was quoted coverage for \$906.10 per month

That same coverage in 2004 went to \$1,192.09 per month, an approximately 32% increase in 12 months.

At \$250 - \$300 per employee, an increase like this will cost a typical small company of 6 employees in excess of \$1,500 per month to retain those employees' insurance coverage.

Employee "B", a single mother with two children, was quoted \$749.18 per month in 2003.

The same policy was \$930.07 per month in 2004, almost a 25% increase in 12 months.

If new housing construction prices rose at this rate, could you imagine what it would take to shelter our nation, better yet, the consumer uproar our industry would face?

I believe that my failure as an employer to provide adequate, affordable health coverage over the past few years has directly resulted in employee turnover and my inability to hire consistent, qualified workers in today's market. Recently, in order to obtain affordable coverage for my employees and their families, I have been forced to remove my own wife and 2 daughters from my policy and put them into the company plan. The policy mandated that a business owner be named in the policy in order to qualify as a group policy. Over the years many good, qualified employees have left my company, and I believe I could have retained these wonderful people if I was able to offer affordable health insurance coverage as a benefit.

I can point to instance after instance where people who work in our industry are rolling the dice by living with no health insurance or insufficient health care coverage.

A client of mine, who has found himself in extreme ill-health over the past several years, heard of my appearance here today and shared his story with me. He is a very wealthy man, yet he told me that he cannot afford his \$48,000 per year policy for his wife and himself. So he goes without insurance. As a result, he foregoes proper care and what should be a comfortable life. He, unlike so many of my industry counterparts, has the wherewithal to say "NO" to the insurance companies. However, most of us don't have that luxury.

The associations in our federation seek to tackle the problems of our members on a daily basis. Rarely do we look to others to solve our problems. This problem is one we have yet to resolve for our members. I'm here today as a small business owner and a representative of the home building community to ask you for your help in solving this growing crisis in America. This doesn't just affect home builders, it affects everyone in America, and it is up to you, our elected leaders to stop this runaway train before it derails the American healthcare system all together. Association Health Plans, that would allow organizations such as ours to receive large group pricing and avoid exemptions for preexisting conditions, would make health care affordable and accountable to the consumer again. Keep in mind that the men and women who make up our Association are small business owners who are less likely to take a day off of work for a cold or go to the doctor for every sniffle because they have a business to run. In most cases, we are healthy individuals performing active work. Therefore, we are very attractive clients to any insurance carrier. Yet these are the individuals who struggle to provide the same benefits that a bag boy at a grocery store can obtain through his large company's group plan. In a country that encourages the entrepreneurial spirit we have to make health care affordable and available to our small business owners.

Thank you for this opportunity to share my thoughts and experiences with the Committee today. I look forward to answering any questions you might have.