

Statement

To Be
Submitted to the

Committee on Small Business

Concerning

Limited Health Care Options for Small Businesses in
the Small Group Market

To Be
Presented By

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Thank you, Chairwoman Velazquez and Rep. Chabot, and the members of the committee for the opportunity to participate in this hearing. As one of 93,800 members of the American Academy of Family Physicians, I applaud your concern for how the cost of health insurance impacts small medical practices and makes it difficult for these small businesses to provide health insurance benefits for their employees.

My name is Dr. Stephen Eby and my medical practice, Western Family Physicians, is a small practice providing primary care health services to families just west of Cincinnati. Ours is a practice of 6 physicians and 25 employees.

To attract and retain good employees, since the inception of our small business, we have paid for our employees' insurance. However, our practice has never been able to afford health insurance for our workers' families.

Between 2003 and 2008, the cost of a single policy has increased 80 percent, an average of 16-percent a year. This staggering escalation has occurred despite other steps we took, such as increasing the deductible to \$500 and the co-pays by 33 percent.

The monthly premium for family coverage in Cincinnati, even with high deductibles, is \$1300 which amounts to over half of our average office workers' monthly pay BEFORE taxes. Because of these astounding expenses, one of our receptionists, a single mom, is able to afford coverage only for herself. Her children, therefore, had to go on Medicaid.

Our front desk coordinator has been with us for seven and a half years. She was pregnant when her husband lost his job and his health insurance. Our employee purchased individual coverage which covered her and her delivery, but once born, the infant had no insurance coverage. Fortunately, the necessary immunizations are covered by the Ohio Vaccines for Children program, but physician office visits are not. The costs associated with well baby care and all shots necessary through age two totals approximately \$2200. This amount takes into consideration no additional visits for acute illnesses.

Not only is it our employees who are struggling with these insurance costs. My wife and I cannot obtain health insurance through my practice because the premiums are unaffordable. She is a registered nurse with her Master's degree, so she was able to take a second job with a large hospital system in order for us to get affordable health insurance coverage.

Similarly, I am aware of medical practices in the Cincinnati area which are not able to get health coverage at any price because some of their employees have common chronic conditions such as diabetes, high blood pressure or heart

disease. I suppose when these people become ill, they will have to go the emergency room and pray that the hospital bills don't drive them into bankruptcy. Affordability is a relative concept comprised of both expenses and revenues. I know that this committee is well aware of it, but I would be remiss if I didn't mention a significant problem on the income side particularly affecting small primary care practices like mine. And that problem is the statutory formula for determining physician payment under Medicare. This formula, known as the sustainable growth rate (SGR) is dysfunctional and inaccurate. Due to the cumulative nature of the SGR, payment rates have not kept pace with medical inflation, even as measured by the government. Physicians are currently being paid at 2001 rates and if Congress doesn't intervene, a steep 10.6 percent cut will take effect July 1 of this year.

The inability of medical doctors to offer adequate health insurance benefits to their employees, or in some cases even themselves, is more proof that a health insurance crisis exists today in this country. And this is occurring while health plans are reporting record profits.

In closing, family physicians commend the committee for highlighting the issues associated with health insurance coverage for employees and owners of small businesses, even medical practices. And we urge Congress to give high priority to actions that will provide affordable health coverage for every American. In addition, we would ask Congress to recognize and appreciate the emergency situation that has been created by the arcane Medicare payment formula that is incorporated into statute.

Thank you for the opportunity to share these views with you today and I look forward to answering your questions.