

Business Owners Health Care Hearing Notes March 23, 2010

Paul Millman- President, Chroma Technology, Rockingham

Company pays 100% of insurance for employees (employee owned cooperative). In 2002 had 40 employees at total cost of \$220,000 and \$5000/employee, at 26.1% of payroll. In 2010, 90 employees at total cost of \$1.6 million and \$16,000/employee at 25.6% of payroll.

“This cost is hurting our ability to grow. You could hit us with a 15% payroll tax and that would save us a ton of money. This is a tax, it is a cost of doing business. Not having a publicly financed health care system is killing business. Tying health care to employment stifles business development.” He said he believes that a lot of what is said by some business owners does not reflect attention to facts.

Al Gobeille, owns restaurants, Gobeille Hospitality Group, Burlington

Self-confessed moron on health insurance. Has 220 employees in summer and 80 in winter. Have \$4500 deductible, premium cost is \$8500. “I would outlaw having business owners deciding health insurance for employees.” Most of his employees are part-time and they don’t have insurance.

Jamal Kheiry- Clarity Strategic Communications, Bethel- Self-employed

His last premium increase was 13%. He blames the legislature for the increases because they are trying to legislate more insurance for more people. Blames mandates for increased costs. Believes people need to be allowed to make their own decisions about how much insurance they need but that legislators only concentrate on the most needy, but not others.

Pat Heffernan, CMC, president, Marketing Partners, Burlington

Provides 100% employer paid insurance and pays deductible into an HSA account. “We subsidize other companies that don’t provide insurance.” Have high deductible policies. Cost is \$407/employee/month. Have raised the cost of employer paid premiums over 4 years. “Need to level the playing field for employers. Decouple health care from employment. Need to have a progressive tax-based system to pay for insurance. All Vermonters should pay into the system based on ability to pay and all Vermonters will have access.” Supports Racine plan and single-payer to reach above goals.

Jim Harrison, Vermont Retail Grocers Association

Gail Horne, Owner, Keeler’s Bay Variety Store, South Hero

J. Harrison- “Medicaid low reimbursement creates a cost-shift to increase premiums. I urge legislature to resist the temptation to add mandates.” Said VT Retail Grocers Association does not have a position on health care.

G. Horne- Said a 15% payroll tax for health care would put her out of business. Her business went from a \$250 to \$1500 deductible.

Ed Sawyer, CEO, SB Electronics, Barre

60 employees but will soon increase to 120-150. In 2002 paid 80% of premiums at a cost of \$5000/employee. In 2010 they pay 65% of premium but are actually paying more because cost is \$10,000/employee. Does not support move to single-payer or government controlled

system. Supports a study with direct cost comparison. “Increased costs of a government run system will cost more than private insurance.” 90% of his employees are on high-deductible HSA’s. They buy insurance through the VT Chamber of Commerce with deductible of \$2000/person and \$4500/family.

Michael Seaver, President, Chittenden Bank

1100 employees- Employees pay 26% of cost of insurance.
“I don’t see this as a funding issue. It’s a spending issue, a usage issue. Incentives should be provided for healthier lifestyles to bend the curve of usage.” Wants to see evidence of cost before he accepts a public plan. Feels undesirable behavior should be taxed. “End of life and chronic care are the real drivers of cost.”

Cynthia Moore, executive director, Sojourns Community Health Clinic, Westminster

35 employees- Payroll of \$1.4 million, income is \$2.0 million. 5% of (ed. not sure if income or payroll)pays for health care. “The system is broken. I urge you to consider making sure to design a better system that works and serves people so we don’t have to make five phone calls to find out if someone is covered.” “What will be the role for private insurers? The primary care shortage problem needs to be fixed. Don’t use a broken system as a model for a new system.”

Mike Plageman, general contractor, Williston

7 FTE’s- Buy insurance through the Vermont Chamber of Commerce. Employees pay 100% and staff have been dropping coverage. It would cost 22% of payroll to pay 100% of the cost of employees’ health insurance. “Need cost control mechanisms that include business and citizens.” Would prefer a state insurance plan instead of a national health care plan.

Chad Farrell, Encore Redevelopment, Burlington

In business 2 years. “Health care costs are a terrible burden. We have had 20% yearly increases that don’t match revenue.” He said he is encouraged by what is going on at the national level. Said he believes in providing health benefits. Currently pay 10% of payroll for health insurance for \$2000 deductible at premium cost of \$400/person/month.

Dave Rogerson, Fab Tech, Colchester

Company paid \$500,000 last year for health insurance for 93 people. Use HSA’s. Had a 6% increase in health care costs this year. Looking at moving to an out of state facility. “Health care is a cost of doing business issue. Need to address , long term costs, sustainability.”

Greg Richard, insurance broker

Insures 75 companies. He noted he is a health care system user with type I DM, uses an insulin pump and has had cardiac surgery. Said that in 1993 with the start of community rating businesses started seeing increased costs for insurance. Said Vermont insurance companies have about 5% profit margin. His customers are very angry. They don’t know how to survive. “If there is a 10% payroll tax many businesses will leave Vermont.”

Dan Feeney, President, North Star Leasing, S. Burlington

14 employees. Company pays 75% of cost of health care premiums. Current cost is \$16,700/year for a family policy and \$6400 for an individual. “Cost increases are unsustainable for businesses and employees. Reform efforts should focus on cost. Stop the cost shift. The current system is distorted by the cost shift. There is no need to do another study, use the 2006 study. A significant number of business owners and employees want the government to stay out of the health care business. Medicare, Medicaid, Social Security are all a shell game.” Said he doesn’t believe health care should be a right.

Bob Crews, benefits consultant, Burlington

Cited Pizzigalli Construction as a model for what he believes should be a long term strategy for changing the culture. It is what he called consumer directed health plans. Promotes early intervention using screenings, health assessments and using high deductible plans with employer funded personal health savings accounts.