

## Health Education and Labor and Pensions: Subcommittee on Primary Health and Retirement Security

January 30, 2018

### Statement from Jen Kimmich, co-owner of The Alchemist

Thank you to Chairman Enzi, Ranking Member Sanders and the members of the Subcommittee for inviting me to discuss the importance of access to health care for our employees and their families.

My husband and I started our craft brewery fifteen years ago. The day we opened our small business in 2003, we had twenty dollars left in the bank and no health insurance. What we did have was a dream and a vision for our future. Through lots of hard work and determination, we were able to successfully grow our business and our brand. Today our gross annual sales are about \$20M and we have fifty full-time employees.

We offer full health insurance to all our employees and their children without any employee contribution. We also pay for 50% of the premium for employee spouses. We spend over \$300,000 annually on health insurance coverage—this is about 15% of our gross payroll. We also commit a significant amount of time and money to the administration of this plan. We spend many hours explaining the plan to our employees and helping them navigate the mysteries of coverage, co-pays and out-of-pocket expenses.

The plan that we provide is considered a good one—it is a “Silver” plan. The cost is \$560 per month for each employee and almost \$1,600 per month for families. The deductible is \$2,600 per person (\$5,200 per family), but in many cases, once the deductible is met, out-of-pocket expenses continue. For example, once the full deductible is met, our employees are still responsible for a 40% contribution towards all in-patient billing, and they are also responsible for 50% of non-generic prescriptions.

We provide health insurance to our employees because it is a good business decision. We know that when our employees and their families are healthy, our business thrives. Productivity goes up, morale goes up, and we are successful with recruitment and retention. Having healthy employees who are financially stable and not stressed is good for our bottom line. Although premiums, deductibles, co-pays and out-of-pocket expenses increase each year, the small employer health insurance market has been relatively stable over the past decade. Even with increasing costs, we know that the coverage we provide is vital to the wellbeing of our employees and the long-term sustainability of our business. Our health care plan may not be perfect, but we are able to ensure that every one of our employees, young and old, has access to the care they need. Modern medicine has allowed many people to live and thrive with access to care and medication, so that our employee with Type 1 diabetes, or the colon cancer survivor, can each take good care of their health and maintain their positive quality of life. But healthcare is not just for those with chronic or past illness. We need to make sure that our healthiest employees continue to see their primary care doctors so that they can prevent and detect future illness.

Our employees are our strongest asset and we need to make sure they are able to prioritize their health and wellbeing. I believe the proposed rule on Association Health Plans is a step in the wrong direction and would

adversely affect small businesses like ours. We have significant concerns about several provisions that would undermine stability in the health insurance programs in which we have already invested so heavily.

The Executive Order indicated an interest in allowing short-term plans to be sold for longer periods than the current limit of three months. Short-term plans are not comprehensive health insurance and could be exempt from consumer protections. These plans are not required to meet the standards that are applied to individual market health plans. Short-term plans don't have to cover the essential health benefits and they may deny people who have pre-existing medical conditions. They can also limit the amount of benefits covered under these policies. If we allow these short-term plans to be sold as a long-term alternative to regular health insurance, they will attract healthier consumers *away* from the regular insurance risk pool. This will endanger everyone's access to comprehensive coverage, especially the most vulnerable. We need everyone to be in the regular insurance risk pool so we don't limit more people's access to comprehensive coverage.

I am extremely concerned about the potential impact of the policies put forward in the recent Executive Order on health care. By allowing Association Health Plans to become exempt from consumer protections, there is increased risk for higher premiums and fewer plan options on the individual market. In the past, when we have had association health plans that offered minimal benefits, consumers have suffered. We need to seriously consider the adverse effects of expanding and extending short-term, limited-duration health plans, increasing enrollment in Association Health Plans (AHPs), and relaxing rules for employer Health Reimbursement Arrangements. In a challenging labor market, providing quality health insurance coverage is a competitive advantage. Businesses and their employees are most successful when there is a long-term and comprehensive approach to healthcare, so that providing and accessing health insurance is not a constantly changing and uncertain process for worker and business owner alike.