



HEALTHCARE FOR SMALL BUSINESSES

**South Carolina Chamber of Commerce
October 2009**

Objective

To ensure all South Carolinians have access to a healthcare system that allows businesses and their employees to afford coverage while allowing the industry to address future worker shortages and explore ways to contain costs.

Background

Health insurance costs now represent the second highest expenditure for businesses after wages, and as the burden continues to increase, some employers have been forced to stop offering health insurance to their employees. Because of the inability of many small businesses and their employees to absorb escalating healthcare cost increases, small business group coverage has reached crisis stage.

Increasing healthcare costs – and sharply rising premiums in the non-group market – have produced dramatic increases in the number of Americans without health insurance. An estimated 720,000 South Carolinians are currently uninsured. Currently, 98 percent of medium and large employers provide healthcare for their employees. Only about 40 percent of small businesses are able to provide even some resemblance of healthcare coverage.

Situation

South Carolina has one of the lowest cigarette taxes in the nation, currently 7 cents per pack. The Southeastern average is close to 50 cents per pack, and the national average is over \$1. As employers continue to struggle with rising healthcare costs, revenue from increased cigarette taxes should be used to offset costs for businesses struggling to offer insurance benefits to employees.

In 2009, legislation to increase the cigarette tax by 50-cents passed the House but stalled on the Senate floor.

S.C. Chamber Position

The South Carolina Chamber believes healthcare costs must be addressed to ensure affordable healthcare insurance is an option for all South Carolinians. The South Carolina Chamber supports:

- Increasing the state's user fee on tobacco to the Southeastern average, using the revenue to provide premium assistance and small business tax credits, while addressing the high risk pool with residual dollars from the credits and
- Funding for allied health initiatives at educational institutions.