

The Economic Effects of Health Care Development on Small Businesses



America spends a lot more finances on health care than any other country and yet ranks behind 18 other industrialized countries in medically preventable deaths. America is far down the list in other pertinent categories such as the average number of years citizens live a healthy life. For this reason, there have been several proposals to improve the health care sector. One suggestion is to increase the finances meant to cater for health care and the administration has proposed injecting more than \$1 trillion. Health care reforms, whichever side it will take, will have considerable effects on people and businesses. In this study paper, we will explore the effects of health care reforms on small businesses in the United States. Small businesses play a pivotal role in the American financial system and are a tough driver of employment augmentation and novelty. However, with the current proposed health care reforms, there are questions on whether they will have a constructive or negative force on small businesses. From different analysts and suggestions, it is evident that small businesses are badly at a loss by the contemporary America health care structure virtual to their larger corresponding persons. The paper will scrutinize the tests faced by smaller businesses under the contemporary health care scheme and the probable effects of health care reorganization on undersized businesses and their employers.

More and more undersized firms are dropping treatment for workers or reducing the percentage of insurance premiums they compensate. This

move means is an indication that the new health care reforms are not in favor of the small businesses. The small businesses are striving to save on costs which at the same leads to loss of workers to other prominent corporations, which have superior, risk pools, and, consequently, can have the funds for more generous benefits. One effect of health care reforms, which most people consider an upside effect, is the formation of public plan whereby small businesses can acquire into it and be incorporated in a large risk group. This step will be influential in cutting down the cost of providing coverage to their employees. For instance, small businesses with less than 10-25 employees could be exempted from reform provisions hence requiring employers to offer health benefits. However, this proposal may not work, as the health care reforms will call for midsize companies to offer health benefits. In the event of refuting the law, the small businesses might be forced to pay a penalty if their employees receive federal subsidies to purchase insurance cover. According to the court ruling on the health care reforms, any small business with more than 50 full time employees have the obligation of providing medical coverage or face expensive fines. As discussed earlier in the paper, this will have an impact on their income as they have do not have pooled resources as their large counterparts.

The effect of the current health care reforms is a significant subject since businesses with less than 20 workers accounted for approximately 18% of private sector jobs. Apart from the job opportunities, small businesses contribute majorly to source of innovation for entry job seekers and economic growth. On the taxes imposed because of the health care reforms, small businesses end up paying up to 18% more per member of staff than outsized businesses for the same health policy. The effect of these high taxes is passed on to the workers in the figure of lesser wages, and some consume the company's profits. These unfair imposition of taxes uses up money small businesses could otherwise use for study and

improvement and for the much-needed investments. It is evident that this implicit tax is unfavorable to small companies in both the marketplace for the best personnel and the bazaar for their products. The recent passed reforms on health care have had an effect on the division of small businesses presenting health insurance. In the 2008 statistics, businesses with 2 to 9 staff members providing health insurance dropped from 58 to 49%.

On another positive aspect, of health care reforms on small businesses is the ability of these firms to meet certain criteria in regards to health. For instance, small firms can now procure health cover throughout an insurance exchange, which in turn permits them to choose among a huge number of tactics, which would offer better treatment at lesser charges than they could find in current small group market. The conception of an assurance exchange would also offer better and lower-cost alternatives for staff members in small firms, which do not put forward health indemnity. Another positive effect for the health care reforms is the ability to spur entrepreneurial goings-on by escalating the incentives for endowed citizens to instigate their individual companies. In this case, this will augment the pool of staff members agreeable to work at small businesses. More so, flourishing reform would trim down the phenomenon of job lock. This is where employees are unwilling to leave a profession with employer-sponsored health indemnity out of trepidation that they will not be able to find reasonably priced coverage. Small businesses, which are unable to offer health indemnity for their workers bear the utmost charges of this trend. Finally, it is observed that there will be reductions in non-attendance and upgrading in employee efficiency ensuing from better health upshots because of prolonged treatment would mainly benefit small firms.