

TESTIMONY BEFORE THE UNITED STATES CONGRESS
ON BEHALF OF THE
NATIONAL FEDERATION OF INDEPENDENT BUSINESS

NFIB
The Voice of Small Business.®

***Testimony of Cathey Sandman
National Federation of Independent Business***

before the

House Committee on Small Business

on the date of January 23, 2008

on the subject of

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

On behalf of NFIB, I want to thank Chairwoman Velazquez for inviting me to discuss the significant challenges facing small businesses trying to access and afford health insurance. My name is Cathey Sandman and I own and operate Sandman Family Daycare – a home-based business located in Lockport, New York. As a small-business owner, mother, wife and childcare professional, I deeply believe that health care is at a critical tipping point. Something must be done to improve access to and affordability of health care.

The health care cost crisis affects two specific small business sectors – those who are insured and struggling to keep up with a 100 percent increase over the last six years – and the 27 million in the small business community who are uninsured. NFIB members represent both of these sectors. I once was an NFIB member with insurance. Today, I am an NFIB member with no health insurance – for myself or my family.

I have been an In Home Child Care Provider for 18 years; I personally service 13 families and up to 18 children in any given week ranging from six weeks-13 years of age. My services are vital to these families and enable them to go to work and be productive.

Like most small-business owners, I work long hours – 12 to 14 hour days. I spend a great deal of time when I am not working

planning and organizing for the next day. This is one of the best aspects of owning your own business. You work for yourself so the extra hours are not a burden. I have a passion for the families and children in my community and work to serve many of their needs.

Five years ago my husband joined my business as my assistant and business partner. We then had to purchase our own health insurance and found it expensive but affordable. But after multiple premium increases the cost began to threaten our ability to maintain our insurance.

In October 2007, my husband and I made the difficult decision to “give up” our health insurance. It was not an easy choice, but after the last few premium increases the monthly cost for our health insurance was the same as the cost of our monthly mortgage payment. Since I am self-employed and work out of my home I felt there was no other choice. I need a place to live. I need a place to work. But I simply could no longer afford to pay the equivalent of a “second” mortgage payment. So, we terminated our coverage on October 1, 2007 and tried to figure out what to do next.

Unfortunately, time was not on our side. On October 13th – less than two weeks after becoming uninsured – I became ill and ended up in the hospital with appendicitis. I had to have surgery and my appendix was removed. The hospital and doctor bills totaled \$10,000.

Today, I am on a payment plan with the hospital. While I appreciate their willingness to work with me, every dollar spent is a dollar I can not use to purchase health insurance.

Back home in Niagara County, I am not alone in this struggle. There are about 125 childcare providers in my county and I know many of them. I also operate a Training and Support group to assist all providers. The health insurance crisis is on everyone's mind. I hear discussions about it constantly. It is necessary, but unavailable to many. And, it is a heavy burden to many more. It is vitally important that something changes and soon.

As Congress works to develop specific policy-related solutions, please keep in mind that many small businesses are looking for a balance – a balance similar to the one outlined in NFIB's Small Business Principles for Health Care Reform. The principles are a foundation for health care reform that achieves four goals: access to quality care, affordability, predictability and consumer choice. Those goals are achieved by creating a system that is: universal, private, affordable, unbiased, competitive, portable, transparent, efficient, evidence-based, and realistic. NFIB will pursue legislative proposals that are reflective of these ten principles.

Finally, Madame Chairwoman, I appreciate the work you and your committee have done with NFIB. I am hopeful you will continue

working with NFIB and other groups that are committed to developing effective solutions for small-business owners, employees and their families – as well as for the broader population. Recognizing that many voices are stronger together, NFIB joined Divided We Fail in 2007. The coalition, which includes AARP, Business Roundtable and the Service Employees International Union, represents more than 53 million people. As you can imagine, these groups do not agree on many issues. But this coalition does agree on the need to seek out and engage in a serious dialogue to find broad-based, bipartisan solutions that address what has become a national crisis for America's job creators--health care.

Thank you again for holding this hearing today and shining a spotlight on the health care crisis facing small businesses. I greatly appreciate your interest and your willingness to listen to my story. NFIB shares your desire to address the nation's health care crisis. I am hopeful that working together today's horror stories can be transformed into tomorrow's success stories. Thank you.

National Federation of Independent Business

1201 F Street, NW, Suite 200 • Washington, DC 20004 • 202-554-9000

www.NFIB.com