

NASE: Number of Working Uninsured Increased in 2003

Contact:
Maureen Petron
202-466-2100
mpetron@nase.org

Number of Working Uninsured Increased in 2003

Micro-Business Owners Hit with Higher Premiums Drop Coverage

Washington, D.C., August 27, 2004 – The number of uninsured Americans increased once again last year, in large part due to the higher number of workers without employment-based coverage. Rising premium costs hit small businesses particularly hard last year, forcing many micro-business owners to stop offering health benefits to employees.

"Micro-business owners know all too well the challenge of providing benefits to employees," said Robert Hughes, President of the National Association for the Self-Employed (NASE). "It is not a problem of 'won't,' but a problem of 'can't.' With few options and increasing costs, health coverage is not easily obtainable for the nation's smallest employers."

According to a new report by the U.S. Census Bureau, 45 million people did not have health coverage in 2003, up 1.4 million from 2002. The percentage of workers covered by their employers dropped from 61.3 percent in 2002 to 60.4 percent in 2003, the lowest level in a decade. The NASE attributes much of the increase in the working uninsured to the rising cost burden of premiums on micro-businesses. According to an NASE survey, premiums increased on average 13 percent for businesses with fewer than 10 employees.

On behalf of its 250,000 member businesses, the NASE advocates for legislative relief to the growing crisis of the uninsured, particular for the self-employed and micro-business owners. To make health coverage more affordable, the NASE supports the elimination of the self-employment tax on health insurance premiums.

H.R. 1873 and S. 2433, in Congress now, strike at the inequities faced by the self-employed as the only business group required to pay taxes on health care costs. Both bills call for eliminating the strong tax penalties imposed on the self-employed which currently require them to pay a 15.3 percent "self-employment tax" on all of their health care expenses. The pending legislation would enable the self-employed to deduct their health care premiums as a normal business expense, as larger corporations already are allowed to do.

The cost of health coverage consistently ranks at the top of issues of concern for small businesses. According to NASE research, 70 percent of micro-businesses with fewer than ten employees do not offer health coverage, with costs cited as the key reason. For many micro-business owners, the burden of providing health care coverage under the current conditions is a major impediment to hiring and job creation.

"The Census report confirms what we hear from NASE Members everyday," Hughes said. "It is not an easy decision to make, but when a micro-business owner who pays hundreds of dollars a month in health coverage sees his business failing, he wants to put those revenues back into building the business instead of premium costs. No one wants to be uninsured, but even fewer want to lose their livelihood."

About the NASE

The National Association for the Self-Employed (NASE) is the nation's leading resource for the

self-employed and micro-businesses, bringing a broad range of benefits to help entrepreneurs succeed and to drive the continued growth of this vital segment of the American economy. The NASE is a 501(c) (6) non-profit organization and provides big-business advantages to hundreds of thousands of micro-businesses across the United States. For more information, visit the association's website.