



Government News

June 14, 2011

"Liberty cannot be preserved without general knowledge among the people".....John Adams

SMC Op-Ed in the Harrisburg Patriot News

Corbett, legislature must fight health care costs June 10, 2011

By Tom Henschke & Eileen Anderson

Gov. Corbett's budget has a section titled "Free Enterprise — An Agenda for Jobs." The governor outlines his strategy to create jobs in Pennsylvania with five components: expanding the state's economy through innovation, reforming the job climate, developing a world-class workforce, growing small business in the state and expanding Pennsylvania worldwide.

Cutting the Pennsylvania Healthcare Cost Containment Council (PHC4) is the wrong move, argues the SMC Business Council.

If lawmakers are intent on growing small businesses in the Keystone State, then the high cost of health care must be addressed. The Pennsylvania Healthcare Cost Containment Council — known as PHC4 — is the one agency positioned to tackle tough rising health care cost problems and help small businesses.

The governor's budget proposed to fund PHC4 at \$2.71 million — nearly 50 percent less than five years ago, but the same funding as this year. The state House of Representatives' budget cuts the agency by an additional 10 percent. If this cut is in the final 2012 budget, those of us who are hoping for help with health care costs should quit. Health care costs are a catastrophe at every level.

The U.S. long-term budget problems are primarily about two things: spending foolishly and rising health care costs. Pennsylvania will spend about \$10 billion on health care this year. That number will soar in 2014 when Medicaid is expanded under the new health care law. SMC Business Councils' recent survey identified the high cost of health insurance as the No. 1 concern of small-business owners.

According to the 2011 Milliman Medical Index, the total cost of health care for a typical family of four covered by a preferred provider organization has doubled in less than nine years from \$9,235 in 2002 to \$19,393. Simply put, health care costs must be contained.

One of the practical ways to constrain health care costs is through the use of consumer-directed high deductible plans. These plans are growing in popularity among small businesses and the

self-employed. They bring the discipline of the marketplace to the world of health care. Individuals are incentivized to shop for the best value in health care by comparing providers' quality, service and prices. Of course, access to price and quality information is critical.

Price and quality information is available for just about every purchase we make, whether it's a car, stove or pair of shoes, everything except health care services where like blind sheep we pay for providers' services at whatever the charge no matter the quality.

Prices charged by providers for MRIs, mammograms and even X-rays can vary by as much as 300 percent, but it's virtually impossible for consumers to find this out. SMC's legislative agenda calls for providers to post prices for the 25 most common outpatient procedures.

That's where PHC4 has stepped in. PHC4 illuminates the dark world of health care by collecting and analyzing quality and cost information and publishing public reports (www.phc4.org) that describe how hospitals differ in performance and cost. PHC4 has shown that some institutions charge two or three times more than others for identical procedures with no difference in quality or outcomes. In what other business could one get away with that kind of behavior? It's an absurd system that needs repair.

Now with the introduction of its interactive database, PHC4 has taken another step forward in the battle to constrain health care costs. Small businesses and their employees now have a tool to get the most out of their consumer-directed, high-deductible plans. PHC4's database of Medicare payments for common services and treatments assists consumers by providing real payment information on which to make spending decisions.

PHC4's funding must be restored to the \$2.71 million level proposed in the governor's budget. Another 10 percent cut will mean that programs such as the new interactive database, which has the potential of becoming a valuable tool for small businesses and consumers, might disappear for good and a giant step backward will have been taken in the battle against rising health care costs.

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Upcoming Events

SMC Government Relations Committee Phone Conference Calls - Federal Issues

Government Relations conference calls are scheduled for Wednesday, June 15th, 2:00 - 2:45 pm and Wednesday, June 29th, 2:00 - 2:45 pm. Federal issues will be discussed. An agenda and position papers will be developed in preparation for our Washington D.C. trip in September. Member ideas and opinions are not only welcome but also needed as the committee decides what issues to pursue to create a better climate for small business.

Deadline for registration is Monday, 6/13/2011. Call Eileen Anderson, Government Relations manager, 412-342-1606 or eileenanderson@smc.org.

Save the Date - Washington, D.C. Grassroots Lobbying Trip, September 14-15, 2011

For this trip we join up with our affiliate, the National Small Business Association, and hundreds of small business owners from all parts of the USA. As part of that group we attend a luncheon, reception, and a Congressional breakfast with presentations by lawmakers. SMC teams spend all day on the Hill meeting with our own representative and senators.

As Congress tackles critical issues it is more important than ever that the voice of small business is heard. Call Eileen Anderson, Government Relations manager for more information, 412-342-1606, eileenanderson@smc.org.

SMC in Action for Members

Letter: [Restore Pennsylvania Health Care Cost Containment Councils' \(PHC4\) budget to the \\$2.71 million proposed in the Governor's budget](#)

Letter: [The Fair Share Act – Tort Reform](#)

Letter: [Unemployment Compensation Reform](#)

Federal News

Regulatory Fairness Board Meeting at SMC Results in Many Resources for Small Businesses

One of the major challenges small business owners face is unfair enforcement of federal regulations. On May 10th SMC Business Councils was host to a Regulatory Fairness Board meeting with SBA National Ombudsman Esther H. Vassar. Attending were SMC member companies and representatives from several federal agencies including the SBA's Western PA office, the Internal Revenue Service and the US Department of Labor. They provided a wealth of resources for members.

Vassar noted that when a small business has difficulty with regulations they often don't know where to go or who to ask for help. Her job is to get the message out so businessman can share with federal agencies how much regulations have impacted their businesses. Her agency acts as a "troubleshooter" between small businesses and Federal agencies. "Small business owners want to play by the rules and comply with federal regulations, and we want federal regulators to assist business owners with compliance rather than go straight to the penalty stage."

She explained how her office works with various agencies of the federal government to help small businesses get answers to their questions, and instructed them on how to lodge a complaint and get action. Vassar gave attendees a Federal Agency Comment Form and said, "If you file a comment you will get a response."

The meeting was held at SMC courtesy of Region III Regulatory Fairness Board member Marilyn Landis of Basic Business Concepts.

RESOURCES FOR YOUR SMALL BUSINESS

Regulatory Fairness Board Roundtable May 10, 2011

- [Federal Agency Comment Form](#) - Purpose: Small business owners may use this form to submit comments on Federal enforcement/compliance actions that they consider excessive or unfair. The National Ombudsman will use the form to contact the Federal

agency for a review of the action. Comment Forms can be submitted online, fax, or mailed. You must provide short, written explanation of your situation and cite specifics.

- **Taxpayer Advocate Service** – They offer free independent and confidential assistance in Pittsburgh to taxpayers unable to resolve problems with IRS through normal channels or for individuals experiencing hardships.
Contact: A C Mettlen, 412-395-5987, Andrew.C.mettlen@irs.gov
- **The Small Business Administration** -The SBA is the first stop for federal issues so businesses don't have to spend time going through several different agencies looking for answers. SBA works to connect businesses to the right resources. The most common inquiries are about financing, government contracting, and problems with regulations. SBA, the guarantor for loans, helps businesses get everything in place before they go to a lender. They oversee all of government contracting and make sure businesses understand the maze and how to market to the federal government. When they receive comments about regulations or programs that are not fair they make note and channel to the proper authorities.
Contact: Carl Knoblock, District Director, U.S. Small Business Administration, Pittsburgh District Office Carl.knoblock@sba.gov, 412-395-6560x106, <http://www.sba.gov/about-offices-content/2/3142>
- **Business .Gov** -This is a single access point for government information including forms and compliance resources and tools. www.business.gov
- **U.S. Small Business Administration, Office of the National Ombudsman**
Contact: Martin Gold, Deputy National Ombudsman, 202-205-75497549, martin.gold@sba.gov
- **A Virtual Small Business Tax Workshop CD** is available free while supplies last.
eileenanderson@smc.org
- www.retirementplans.irs.gov

Background on Regulatory Reform

The Administration is keeping up the drumbeat on regulatory reform for small businesses. President Obama emphasized the need to reduce the regulatory burden on small business in an Executive Order on Jan. 18, 2011, which requires federal agencies to review and remove outdated regulations and “where consistent with law, consider the costs and benefits of a regulation and choose the least burdensome path.”

“The Office of Management and Budget (OMB) late last week announcing that it was posting the preliminary regulatory review plan of 30 agencies. Agencies were required to submit plans by May 18 to identify rules in need of change or elimination because they were outdated, unnecessary, excessively burdensome, or in conflict with other rules.

The administrator of OMB's Office of Information and Regulatory Affairs claimed that the reform proposals have the potential to eliminate billions of dollars in regulatory burdens on individuals, small businesses, and state and local governments.”...NSBA

The Senate's Turn to Move on the Budget

Now that the House of Representatives passed their 2011-2012 budget, House Bill 1485, activity is now in the Senate just as the state collected another month of higher than expected revenues – a surplus that now totals nearly \$540 million. It is now the Senate's role to review changes made by House Republicans.

The House GOP moved dollars from the Department of Public Welfare to education, but they kept spending in line with the Governor's target number. The House GOP also gave a 10% cut to the budget of the PA Health Care Cost Containment Council. SMC has lobbied senators and representatives to have this funding restored.

In a meeting with Budget Director Zogby last week he made it clear that Gov. Corbett is committed to spending at or below \$27.3 billion as he attempts to eliminate the state's budget deficit. Zogby said the unanticipated revenues seen this year would not occur next year. In 2013 the state will face increases in Medicaid spending, pension costs, correction costs and face a structural deficit of .5 to .75 billion dollars.

Senate GOP leaders have said that they will work to eliminate the deficit, but they may increase Gov. Corbett's spending goal. Both the Senate and House Democrats believe the state's improved fiscal health puts it in a position to spend a little more to restore some of Gov. Corbett's cuts to education and health care.

NEW TOOL!! PA Health Care Cost Containment Council (PHC4) Interactive Database of Medicare Payments for Common Services and Treatments.

SMC has always pushed for price transparency so that we all become better shoppers and consumers of health care services. Legislative agendas have called for the posting of prices for 25 most common outpatient procedures. Now PHC4 has developed a new tool intended to help consumers understand what Medicare pays for many common outpatient services. Consumers can use this information to understand the relative cost of some outpatient services. It will especially be helpful for those who are in high-deductible health insurance plans and are trying to make the best use of their health care dollars.

<http://www.phc4.org/medicarepayments/>

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