



herndon Alliance
Healing America's Healthcare

Affordable HealthCare Project

SMALL BUSINESS HEALTHCARE ADVOCACY GUIDE

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Supporting Documents:

- Small Business Majority 2006 National Research Project
- Small Business Majority 2007 California Small Business Healthcare Survey
- Articles, Op-Eds and Letters to the Editor

BACKGROUND

Comprehensive healthcare reform is not possible without significant support from America's 27 million small businesses, representing over half of the private sector workforce.

To date, traditional small business organizations have opposed virtually all serious healthcare reform, due to distracting ideological constructs about the appropriate role of government. However, that position is at odds with the needs and desires of American small business owners.

Our present healthcare system impedes economic progress and hampers the pursuit of the American Dream. The success or failure of a business venture should depend upon innovation, product quality and hard work – not the cost of providing, or not providing, health insurance.

Groundbreaking research and organizational work by Small Business Majority (SBM), the Herndon Alliance (HA), the Gallup organization and others demonstrates that small business is a natural ally of healthcare reform and that, with proper education, messaging and leadership, the small business community can be mobilized to support fundamental change.

The research has also revealed the important iconic role that small business plays for voters, and has discovered that healthcare advocates can not speak credibly for small business; the voice must come directly from small business owners themselves.

Not only does small business opposition to reform need to be blunted, but an active, vigorous small business voice in favor of reform must be mobilized and unleashed.

Small Business Support is Essential to Achieve Healthcare Reform

The policy and political hurdles to achieving comprehensive healthcare reform are significant. Without active small business participation, the likelihood of success is slim, at best. A major turning point in the 1993-94 healthcare debate came when leading small business organizations turned against the reform proposals. Many state reform proposals have met similar fates.

Moreover, as demonstrated by recent research commissioned by HA, one of the most effective attacks on healthcare reform is the perception by the general public that it will hurt small business. The research further makes it clear that healthcare advocates can not speak credibly for small business; the voice must come directly from small business owners themselves.

Small Business Organizations Have Traditionally Opposed Reform

Despite the healthcare crisis faced by most entrepreneurs, the leading national and statewide small business organizations have continued reflexively to oppose most attempts at healthcare reform, based upon an ideology that disdains government intervention into markets, even when those markets have failed and reform is essential to our economic health and the well-being of business owners and their employees.

The Data Show - Small Businesses Need Comprehensive Healthcare Reform

As demonstrated by survey after survey, the lack of affordable healthcare is the single biggest problem faced by America's small business owners and their employees.

- More than 27 million small business employees are uninsured, including millions of freelancers and sole proprietors who are completely shut out of the employer-based healthcare system.
- According to a 2007 study by the Kaiser Family Foundation, only 59% of businesses with under 200 employees provide health insurance (only 45% for firms <10 employees.)
- According to a recent study by the Economic Policy Institute, only 40% of private sector workers at firms with less than 100 employees are covered by employer-based insurance.
- Health insurance premiums in the California small group market rose 53% between 2003 and 2006 – 125% since 1999. The situation is similar in other states.
- In a 2006 SBM nationwide survey of small business owners, 87% ranked healthcare as either extremely important (65%) or very important (22%).
- In a 2007 survey by the National Small Business Association, 77% of small business owners ranked health insurance as one of the two-three most important employee benefits (over double any other benefit).

Healthcare Reform is Necessary to Ensure Economic Dynamism

Our present healthcare system impedes our economic progress and hampers the pursuit of the American Dream by its citizens. The success or failure of a business venture should depend upon innovation, product quality and hard work – not the cost of providing, or not providing, health insurance. As noted recently by a Harvard economist: “If Bill Gates had to worry about health insurance, would he have started Microsoft? Who knows?”

In short, healthcare reform advocates should not concede, but, in fact, should own the “free market” ground on this issue. Healthcare reform is needed for the free market to thrive; the *status quo* is anti-competitive.

The Research Shows - Small Business Owners Indeed Support Comprehensive Healthcare Reform

Despite the reflexive positions of the traditional small business organizations, most small business owners, in fact, want healthcare reform. In 2006 SBM conducted a national survey of small business owners; in 2007 SBM conducted a comprehensive, groundbreaking poll on small business healthcare attitudes in California; and in 2008 SBM conducted a similar survey of small business owners in New York. A small sample of the results:

- 63% of small business owners nationally support a government sponsored national health insurance system.

- 57% percent of small business owners regard healthcare financing as a shared responsibility among individuals, employers and government – three times as many as those who do not (19%)
- As many as 80% of small businesses owners who expressed an opinion agree that employers should pay something to provide healthcare to their employees.
- Strong majorities and pluralities of small business owners support comprehensive healthcare reform measures that include, among other things, substantial employer coverage mandates.

Other independent studies concur. A recent Gallup poll showed that 59% of the nation's small business owners believe that the current U.S. healthcare system needs a complete overall, and that 49% support the idea of a taxpayer-funded national health insurance program. In a 2007 survey by the National Small Business Association 60% of respondents supported a “federally-funded, government-administered system financed through taxes.” And, a 2006 *Health Affairs* study showed that employers covering two-thirds of the workforce said that all employers should contribute the cost of healthcare.

With the Proper Political Environment, Small Business Organizations Can Be Willing to Support Reform

Following the release of SBM’s California poll that was accompanied by extensive press coverage -- and the simultaneous launch of SBM’s Affordable HealthCare Project (AHCP) to mobilize small business support – a significant number of traditional California small business organizations signed on to at least one of the healthcare reform proposals pending in Sacramento.

- The Chambers of Commerce of San Francisco, Los Angeles, San Diego and San Jose/Silicon Valley all endorsed the Governor’s proposal [employer mandate, individual mandate with subsidies, 15% cap on insurance company profits/administration, guaranteed issue in the individual market, and other reform and cost control provisions]
- Small Business California (affiliated with the National Small Business Association-NSBA) endorsed the Governor’s proposal [Note: NSBA did not officially do so]
- The California Restaurant Association, the California Retail Association, and the California Small Business Association endorsed a 1% increase in the sales tax to pay for expanded healthcare coverage.

This represents an unprecedented shift for organizations that had opposed all healthcare reform efforts, and shows the ability to effect significant change by communicating empirical data.

The Research Shows - Small Business is Viewed as Iconic by the Voting Public

The development of an independent small business voice is not only essential to mobilize small business support, but it is also crucial to securing support for healthcare reform from voters in general.

HA has commissioned extensive surveys and focus groups on attitudes toward healthcare around the country. This research has determined that:

- Voters want to help small business and are concerned about their costs and profitability – i.e. small business is “iconic” in our culture.
- Voters believe that it is necessary to give voice to small business’ needs and concerns.
- Voters start with the assumption that comprehensive healthcare reform is harmful to small business – this makes them less likely to support healthcare reform
- Voters want to hear directly from small business owners on healthcare reform on how healthcare reform will help them – not from non-small business healthcare advocates.
- The small business voice must be one that voters can connect with and believe in

The Need -- A Consistent Expanding Organized Voice

1. An ongoing organization and mobilization campaign is critical to building a powerful small business voice for healthcare reform.
2. A consistent voice in the media is needed to make the case that small businesses support healthcare reform. This voice must consist of a diverse cross-section of small business owners.
3. The small business healthcare reform message must also be delivered as part of a strategic communications effort to (a) policy makers; (b) thought leaders; and (c) broader networks of business and healthcare stakeholders.

WHO WE ARE

Small Business Majority

Small Business Majority (SBM) is a national small business advocacy organization comprised of entrepreneurs who believe that the success of dynamic small business enterprises is essential to our nation's hope, success and prosperity in the 21st Century. The organization actively works to ensure that government reflects and supports the needs and values of the majority of Americans who drive our entrepreneurial economy. Unlike most other small business advocacy groups, SBM promotes a constructive partnership between business and government to ensure prosperity for all.

SBM's primary focus is comprehensive healthcare reform, while also promoting an equitable and efficient tax system that rewards entrepreneurial achievement along with policies and programs designed to increase small business' access to capital and next generation technologies. The organization currently is building active chapters and affiliates in 10 states across the country.

SBM was founded by John Arensmeyer, a successful multimedia/Internet entrepreneur for 15 years with prior experience as an attorney and as an aide to the Mayor of Philadelphia and lawmakers on Capitol Hill. He has been honored for his work statewide and nationally, has written numerous articles and op-eds, is a frequent speaker on small business issues at major national conferences, and has been a guest on such programs as *The CBS Evening News* and NPR's *Marketplace*. The rest of the SBM team consists primarily of other small business owners who understand from long experience the unique needs of America's small businesses.

www.smallbusinessmajority.org

Herndon Alliance

The Herndon Alliance (HA) is a national coalition of more than 100 minority, faith, labor, advocacy, business and provider organizations – both national and state – advocating for guaranteed affordable healthcare. The organization's goal is to achieve quality, affordable healthcare, accessible to all, by expanding the base of people supporting universal healthcare and increasing the breadth and depth of voices working and/or speaking out for healthcare reform. This effort is one of sustained civic engagement, building new bases and connecting constituencies to each other and to a proactive and progressive healthcare agenda. HA has commissioned extensive surveys and focus groups on attitudes toward healthcare around the country, including a recent poll showing the iconic position of small business in the American psyche.

HA's Business Director, Terry Gardiner, successfully founded and, for over 20 years, grew and managed a 1,100 employee, \$100 million seafood processing business with markets in 22 countries. This followed a successful 10-year career in the Alaska House of Representatives, where he served as Speaker and authored numerous pieces of groundbreaking legislation. Since selling his company, he has been actively enlisting business support for healthcare reform, nationally and in Washington State and Alaska.

www.herndonalliance.org

Affordable HealthCare Project

The Affordable HealthCare Project (AHCP) is a partnership between SBM and HA.

SBM initially launched AHCP in California in 2007 to conduct groundbreaking research, do extensive communications and mobilize small business owners in support of comprehensive healthcare reform. SBM conducted the first-ever scientific survey of a cross-section of California small business owners showing that California entrepreneurs indeed support a variety of significant healthcare reform initiatives. Following release of the survey, SBM secured extensive media coverage (30 articles and interviews) and placed four op-eds in major California newspapers. SBM also mobilized its California members to action and galvanized other business organizations to join in support of comprehensive healthcare reform.

SBM and HA have commenced a national outreach campaign in 2008 to expand AHCP. A new chapter has been launched in New York, following the completion of a New York survey showing results that are very similar to those from California. Active efforts are underway in other states to launch chapters and/or to affiliate with local home-grown small business healthcare advocacy organizations. Current focus: Connecticut, Illinois, New Mexico, Ohio, Oregon, Vermont, Washington and Wisconsin.

www.smallbusinessforhealthcare.org (California site)

UNDERSTANDING SMALL BUSINESS

To effectively communicate and engage with small businesses it is helpful to understand the men and women who start up, own and operate our nation's 27 million diverse small businesses.

Small Business Owner Profile

Business owners are optimists and have a DREAM. They are risk takers or they would never have launched out on their own. They dream of being successful and creating a great product or service in their business venture. They want to control their future and destiny. They see employees as being family and an integral part of their team.

They want their company to be successful so their employees can succeed also. They want to be able to recruit and retain capable and qualified employees. No business owner wants to lose their skilled, trained and qualified employees. That is expensive and counterproductive for the business.

They are angry and frustrated about the ever increasing health insurance costs. They see themselves just as much as a victim of the healthcare system and insurance companies as do consumers. On top of healthcare inflation they have been hit by globalization, high energy costs, regulations that favor big business and a government that does not seem to understand the problems of small business.

Also, small business owners are concerned about health insurance for themselves and their families. If they don't have a spouse or partner with employer-sponsored health insurance, this creates an impediment to leaving a larger employer to start a business; and it remains a constant worry once they have launched the business. Entrepreneurs who don't have employees and those who can't afford to offer health insurance to their employees must get their health insurance in the less-regulated individual healthcare market, just like ordinary consumers.

Small Business – 'Main St.' to High-Tech Startups

The small business population of companies under 100 employees is, itself, extremely diverse. At one end of the spectrum are higher paid professional companies such as accountants, lawyers, doctors, engineers and architects that are much more driven by competition for employees than they are by benefit costs. Similarly, high tech, biotech and other entrepreneurial "knowledge worker"-based companies are part of a fast moving global economy where recruiting and retaining skilled employees is critical and health benefits are one of many competitive factors. On the other hand, small businesses on "Main Street" compete with low cost national chain retailers, restaurants, grocery and pharmacies. Personnel costs and health insurance inflation are major factors in their survival, and many of them simply cannot afford to purchase health insurance at current prices.

Small Business is the Backbone of the American Economy

- 26.7 million small businesses
- 52% of the private sector workforce (vs. 8% union membership)

- 50%+ of private non-farm GDP
- 75% of all net new jobs
- 14 times more patents per employee than big businesses
- Central to American global competitiveness
- Anchors of our communities

Small Business Fuels the New Economy

With the growth of the Internet and other technological innovations, the increasing inability of large corporations to provide long-term stable employment, and the desire by many more people to pursue their entrepreneurial passions, small business in the 21st century has been radically transformed. The small business sector is now where critical new technologies, products and services are developed, and where more and more people are choosing to work.

The Bottom Line for Small Business

- 58% of small business employees do not have health insurance.
- 55% of businesses with under 10 employees cannot afford to offer health insurance.
- The health insurance small businesses do buy costs 18% more than big business.
- Small businesses pay twice as much in taxes and regulatory costs per capita as big businesses.
- Entrepreneurs struggle to obtain the capital necessary to launch and run their ventures. For example, the Small Business Administration (SBA) budget has been cut by almost 50% in the past seven years. In addition, small business has been disproportionately affected by the recent “credit crunch.”

Diverse Population and Resources

Despite the costly burden of rapidly increasing healthcare premiums, most businesses – large or small – still believe that providing healthcare benefits is vital to recruiting and retaining employees – i.e. “being a viable employer.” An expanding number of companies are part of the “knowledge worker” economy where human capital is the key to business success. For these companies healthcare benefits are an important competitive factor.

How Big and Small Business Differ

Large businesses have many advantages over smaller companies to cope with healthcare inflation:

- Self-insurance
- Purchasing power
- ERISA exemption from state health insurance regulation
- Human Resources expertise

Moreover, larger companies operate in multiple states and this impacts their views on how to solve the healthcare crisis.

Smaller companies are often owner-operated and have very minimal financial and management resources to cope with the escalating costs and complexity of healthcare.

Lack of Consensus

For three decades the business community has failed to build an internal consensus for a solution to the growing crisis of the American healthcare system. In general, the larger the business the greater the level of healthcare benefit to employees, the greater the empathy and understanding of the plight of the uninsured and the greater the support for “progressive solutions.”

On average, smaller companies provide less support for employee health benefits, are less willing to support the uninsured and have greater resistance to “progressive” solutions.

Consensus Areas

Businesses of all sizes and stripes share some broad based attitudes on healthcare reform:

- They generally oppose government mandates or requirements, though there are signs that this may be changing.
- They generally oppose new business taxes, though, with rising federal and state budget deficits, this may also be changing.
- They generally support incentives for business to provide healthcare benefits.
- They generally support government-sponsored healthcare insurance pooling solutions

Conflicting Attitudes

Small businesses view providing healthcare as a major problem that needs solving. They may not be fond of government mandates or taxes, but government business assistance is fine. At the same time they realize their employees cannot handle the growing healthcare burdens they are shifting to their employees. Viola! - a perfect gridlock.

Small businesses have traditionally opposed government mandates on health benefits and business taxes for health benefits. Many fear government subsidies for the uninsured and working poor will lead to future business taxes. At the same time they support government intervention and programs such as:

- Tax incentives
- Establishment of insurance pools
- Elimination of third party payer system
- Regulation and oversight of the insurance industry

Across the board, all businesses understand that healthcare inflation is a big burden for their employees and that their employees cannot afford more cost burdens. Additionally they understand the plight of the uninsured and the negative financial impacts to the overall healthcare system, particularly if they are forced to purchase their own health insurance in the individual market.

Small business is more supportive of a government program to supply healthcare for all if it is based on a general tax, not a business tax.

Despite the rising cost pressures, those businesses that believe health benefits are vital to employee recruitment and retention still balk at the notion of a government run universal healthcare system.

Many small businesses now see healthcare reform via some type of government intervention as a viable option. This is likely connected to the fact that many small businesses have been forced out of the health insurance market or financially hurt by healthcare inflation. Their pain is greater than other businesses that have found ways to cope, and hence these small businesses are more open to fundamental change.

Business Fears that Create Barriers

The literature on the attitudes of businesses towards healthcare reform indicates several common fears shared by business leaders and owners that are barriers to embracing healthcare system change.

Though the information is suggestive and anecdotal, it appears businesses have some common fears. Most businesses are economically suffering from chronic healthcare inflation. They believe that the healthcare system has many problems, is not sustainable and needs to be revamped. But, legions of businesses demanding healthcare reform are not marching on Washington DC. Why?

Part of the explanation is fear. Fear stands in the way of embracing change and solutions. These apprehensions become impediments to action. Businesses have many fears when it comes to healthcare and proposed changes to our healthcare system:

- Higher taxes
- Loss of control of their business
- Loss of ability to recruit and retain employees

One of the most widespread fears is higher taxes. Business leaders fear that even if taxes do not increase now, future tax increases will be part of the price of healthcare reform. This apprehension is fueled by an overall distrust of government and is fanned by special interests that oppose changes to the healthcare system.

Business owners fear loss of control. They view new mandates and other regulatory requirements as restricting them and causing further loss of control over the destiny of their business. A common reason to build or buy a business is to “be my own boss”, which to business owners means having more control over their work, economic destiny and the business they build.

Businesses also fear losing their competitive advantage in recruiting and retaining employees if their role in providing healthcare changes. This is especially true of businesses that compete in tight labor markets.

FRAGMENTATION OF SMALL BUSINESS VOICES

There are many small business voices across the national and state political spectrum. Many companies belong to multiple business organizations:

- **Traditional National Business Organizations** – these groups cover all business issues including healthcare and have advocated for business interests at the national and state levels for decades. Small business groups in this category are:
 - **National Federation of Independent Businesses**
 - **National Small Business Association**
 - **Chambers of Commerce** (*all sizes of businesses*)
- **Industry Organizations** – these groups are more narrow groupings of like companies, and many have healthcare positions. Small businesses also belong to groups like the Farm Bureau, mining and forestry organizations, franchise associations, tourism groups, restaurant associations, etc.
- **Leadership Policy Organizations** – these are select groups of companies that have studied, issued reports and advocated for various public policy changes including healthcare (e.g. Business Roundtable, Committee for Economic Development, National Coalition on Health Care)
- **“New” National Healthcare Reform Groups** – these are recently formed national coalitions of businesses – e.g. Better Healthcare Together (mostly large businesses); Solutions Start Here (new NFIB-sponsored group)
- **State-based Small Business Healthcare Reform Organizations** – There are some business organizations, such as Small Business California and the Oregon Business Association, that have recently focused on the problems of our healthcare system, developed principles and advocated for specific reforms.

None of the above groups have, to date, embraced the need by small businesses for real comprehensive healthcare reform to the same extent as SBM and HA have through the Affordable HealthCare Project.

PRINCIPLES FOR ENGAGING SMALL BUSINESS SUPPORT

It is necessary to translate small business needs, as described above, into a set of principles around which to engage small business.

As you build a set of principles to garner small business support for health care reform keep in mind a few basics:

- Put small business priorities up front
- Use language that business uses and understands
- Keep it concise and to the point

SBM and HA's Affordable HealthCare Project's principles are set forth below.

Affordable HealthCare Project

• Principles •

Comprehensive healthcare reform is long overdue. The *status quo* is unacceptable. We must enact legislation at the national and/or state level based upon the following principles:

- Guaranteed coverage for all
- Affordability for businesses and individuals
- No discrimination based on health risk or type/size of business
- Shared, equitable responsibility among all stakeholders, including business, government, individuals and the healthcare industry
- Cost reduction within the entire system
- Improved measurable quality
- Portability of a base level of quality affordable care from job to job

HEALTHCARE REFORM POLICIES TO BENEFIT SMALL BUSINESS

Based upon the principles articulated above, it is important to understand how specific healthcare reform policies, in fact, benefit small businesses, and are a basis for common legislative goals among small business and most healthcare advocacy organizations.

Some examples:

Shared Responsibility

Health reforms proposed at the state and federal levels would secure and expand health coverage, not by placing the burden on only one sector, but by using a diversity of funding sources, including:

- Individuals
- Employers
- Government (savings that are reinvested)
- Federal matching funds (for state proposals)
- New use of federal and state tax breaks
- Revenues from other sources (tobacco, health providers, etc.)

In this way, any financial burdens associated with healthcare reform do not fall disproportionately upon any one sector. The concept of shared responsibility has been embraced by small businesses by a 3-1 margin in SBM's polling of small business owners.

Government Insurance Options/Purchasing Pools

Most employers who currently provide coverage to all their workers would not have to pay a penny more. Under many of these proposals, employers would have had to make a minimum contribution toward the health care of their employees. Under all federal and state proposals made to date, this minimum is far below the median payment that employers now pay, typically 12-15% of payroll.

Small businesses that choose to pay into national and statewide purchasing pools that have been proposed would:

- have their entire workforce covered
- not have to deal with the hassles of benefit administration
- pay a percentage of payroll that is less than current business healthcare costs
- get the benefits of a covered and thus healthier and more productive workforce
- be able to improve recruitment opportunities and reduce staff turnover

In SBM's polling, these options have been endorsed by strong majorities and pluralities of small business owners.

Elimination of Discrimination (“Guaranteed Issue” and “Community Rating”)

Currently, some states allow discrimination against small employer groups based upon health status and claims history (e.g. pre-existing conditions.) Most states allow such discrimination in the individual non-group market from which all sole proprietors must purchase insurance. Moreover, even where such discrimination is not allowed, the cost that small groups pay for health insurance is, on average, 18% greater than large

businesses. For non-incorporated businesses, the cost of health insurance may not be deducted before calculating FICA taxes (effectively a 15.3% tax).

All of this creates an absurd and unreasonable disincentive to leaving a larger business to start a small business and in recruiting employees as the small business grows. It is a huge impediment to the true free enterprise system.

Most healthcare reform proposals include the elimination of this discrimination as a centerpiece of reform – again, aligning the interests of small businesses with that of the healthcare advocacy community.

In SBM's polling, the elimination of discriminatory purchasing barriers has been endorsed by strong majorities.

Controlling Health Care Costs

Most comprehensive health care reform proposals include a number of provisions to control health care costs. Elements include:

- Fair financing: bringing in new dollars
- Infusion of reinvested state dollars and new federal funds (state proposals)
- Information technology: to streamline and save money and prevent medical errors
- Transparency: to identify high cost and low-quality medical care
- Prevention: focusing on keeping people healthy before they need expensive medical care
- Best practices: using the government's role as a purchaser to drive up quality and provide cost savings

In SBM's polling, these cost containment provisions have been endorsed by strong majorities.

Conclusion

In short, it is to the advantage of the vast majority of small business owners to see movement forward on comprehensive health care reform. By providing small business with direct, clear information in clear, concise, business language, it is possible to engage them more easily in the debate and gain their participation.

EFFECTIVE COMMUNICATION WITH SMALL BUSINESS

The starting point of our recommended communication strategies, techniques and messaging is based on the foundation of research conducted by the Herndon Alliance (HA). There is a significant parallel between effective communication to American voters and to small business owners.

We, therefore, recommend that architects of a communication plan and strategy for small business owners start by familiarizing themselves with the research findings of the Herndon Alliance which are summarized here.

With that foundation the small business communication plan and strategy can be further informed by the specific research findings, experiences and best practices that can be found in the latter part of this section.

Finally we have supplied a “small business narrative” at the end of this section as an example of how to pool all the research and findings into a practical communications document.

Additional select articles, op-eds and letter to the editors are available as Supporting Documents.

HERNDON ALLIANCE HEALTH CARE COMMUNICATION TO VOTERS

Principal Results:

- **Health care reform can be a successful** IF we address the concerns of the American voter.
- Americans are hungry for change and overwhelmingly favor **Guaranteed Access to Quality Affordable Health Care for All**. This phrase links the uninsured, underinsured, and insured together in their concerns about affordability. ‘Universal care’ focuses more on the uninsured. This support holds firm even after attack messages of “big government” and “higher taxes”. People of color are very supportive of guaranteed access to quality affordable health care for all.
- Hot button issues such as **Choice, Control and Personal Responsibility** are important to voters AND are defined by voters in ways that support progressive policies – the issues are key to being heard and the progressive messages need reinforcing.
- The strongest messages deal with **American ingenuity and American solutions, guaranteeing quality affordable health care, and fairness for those who work hard, pay taxes and play by the rules**.

Keys to Being Heard:

➤ **Control and Better Choices:**

- Americans want to feel they are in control of their health care and reject approaches that place insurance companies or government between them

and their medical providers. Voters fear change and a decrease in quality and choice. Voters want to keep aspects of the current system that have been good for them. Choices give control and are a proxy for quality.

- *Example: Every American should have access to quality affordable health care and this must be done while guaranteeing that the government, HMOs and insurance companies never interfere with their choice of doctors or the doctor patient relationship.*

➤ **Personal Responsibility:**

- The public is looking for reforms that clearly communicate a role for personal responsibility. Everyone paying something on a “sliding scale” – even a small amount such as \$5 - and taking responsibility for their own health are powerful cues to voters. These are progressive strategies that can satisfy the need for personal responsibility. Personal responsibility does not mean voters embrace HSA’s and individual mandates.
 - *Example: Individuals should be active in taking care of their health and should contribute towards their care based on a sliding scale to ensure fairness.*
- Prevention: The public sees prevention as encouraging and supporting personal responsibility.
 - *Example: By guaranteeing everyone access to affordable early screening and prevention, we can start investing in a future for our country and ensure healthier families and a healthy next generation. It is a smart investment in our future.*

Strong Messages:

➤ **American Ingenuity; an American Solution:**

- The public is eager for a uniquely American solution, and believe American ingenuity would produce the best solution to our health care crisis.
 - *Example: We live in the greatest country in the world, and we need an American solution to our health care crisis. We should use our American ingenuity to develop a fair, common-sense plan to make sure that every American has access to the highest quality affordable health care in the world.*

➤ **Role of Government as Watchdog, Enforcer and Guarantor**

- Americans want a guaranteed alternative, like a “public plan,” to their private insurance that is fair, affordable, and allows people to see their private doctors.

- They want government involvement as a watchdog and enforcer of rules that ensures individual choices are available, responsible behavior is rewarded, and greed is punished.
 - *Example: Government needs to be the watchdog of the market, the guarantor of affordable health insurance, and the enforcer of rules to ensure fairness, access and compliance of standard health insurance rules so that the patient's health comes first.*
- Although anti-government cynicism is high and people are wary of government run health care, Americans want options that have a choice of hospitals and doctors, and predictable costs and benefits, including public plans so long as the system of privately operated medical services is maintained. Over two-thirds of all voters favor health care access for all Americans (a majority strongly), even it means a major government role.

➤ **Channel the Anger:**

- The public is angry about greed in health care and a successful approach will channel that anger. The insurance and drug companies are viewed as making excessive profits.
 - *Example: While the insurance and drug companies rake in record profits, we get skyrocketing costs and thus more and more of us are forced to do without health insurance. It is just wrong for anyone who works hard, pays taxes, and plays by the rules to go without high quality affordable health care.*

➤ **On the Side of Small Business**

- Small business owners are an important swing constituency on this issue and are viewed positively by the public.
 - *Example: Small businesses are the backbone of the American economy. Spiraling health care costs are forcing small business owners to choose between providing health benefits or jobs. It is time to reward America's entrepreneurs by leveling the playing field.*

Health Care Words to Use and Not to Use:

Words to Use	Words not to Use
Quality affordable health care	Universal coverage
American health care	A system like Social Security; Canadian Style Health Care
A choice of private and public plans	Medicare for All
Sliding scale	Free
Prevention	Wellness
Smart investments; investing in the future	Inexpensive
Choice	Competition
Rules	Regulations
Guaranteed	Required
Giving people control; peace of mind	Government health care for all
Standard package; affordable health plans	Basic health care
Government enforcement/watchdog	Government health care; public health care

MESSAGE EXAMPLES:

We discussed these findings in the form of stories and narratives that connect to the values people hold. We found three very strong narratives that 80% of the people in the country support.

All Americans should have guaranteed access to an affordable health care that meets their needs from a choice of a private or public insurance plan as well as choice of provider

We need to make sure the next generation is the Healthiest Generation ever: More physical activity, nutritious food, dinner with families, and health coverage for all children.

All people should have access to cancer screening - and the care needed to treat any cancer found.

Additional Principles

“Businesses are not used to working with social justice advocates.”

Herndon Alliance survey response

The actual language and communications strategies with small business need to be put into the overall context of how to best contact, approach and work with small business owners and leaders. Here are the best practices based on our survey results, case studies, experiences as business owners and work in the field to date.

Peer to peer contact works because it relies on trusted and credible relationships -- people who are able to talk the business language and people that know how to best frame the conversation. This requires identifying those individuals in your network who already have entrée to the business community.

One on one contact has proven to be a successful engagement method for many groups. This requires more of a grass roots campaign that entails time and resources. No one has yet found an existing business hierarchy that can be easily tapped into build buy-in from a broad array of the business community.

“As a starting point to engaging and dialoguing with businesses on health care keep in mind that they want positive public relations in the community and want to be seen as good corporate citizens who are part of the solution.”

A respectful approach It is helpful to understand that businesses are victims of a broken health care system, are tired of being beaten up and are sensitive to being blamed. Owners, CEOs and Managers want to do the right thing but have become trapped in a race to the bottom through no fault of their individual company. They did not become owners, entrepreneurs and employers because they wanted to shrink benefits to their employees.....on the contrary they dreamed of being a company producing an exceptional product or service, having a company they could be proud of and having great employees. Most employers think of their employees as extended family and see their employees as valuable and critical to their competitiveness and success.

CEOs are short on time and very busy. Groups found that going directly to business owners and managers at their workplace and making short, concise and accurate presentations was effective. Long speeches, conferences and forums are not mediums that business leaders will endure or find appealing.

Real involvement and partnership are required in building a working relationship with small businesses on health care issues. Business leaders need to feel and believe they are genuinely involved in crafting principles, strategies and action steps on health care – not just signing up and endorsing a pre-set agenda.

Contact by someone with a non-partisan reputation increases effectiveness.

Successfully engaging the business community requires a lengthy campaign with substantive financial resources.

Collaborative projects were used by many organizations to build trust and relationships:

- Polls and surveys of the business community on health care
- Sharing polls and surveys to build business consensus
- Building councils of motivated passionate business leaders
- Disseminating newsletters to the business community
- Informative and relevant educational forums

The organizations found the most success with bite size action steps with broad consensus on health care system change to build trust and deepen relationships.

Identifying and utilizing “champions” within the business organization who were passionate about health care issues was a strong entree. In general, most business groups are relatively risk-averse and unlikely to take a leadership role on health reform unless one of their members pushes them from the inside.

Keep business leaders engaged and build the relationship – avoid asking business owners to listen to long speeches of others, to attend conferences and lengthy meetings. If you do – you will risk losing them – they are very busy and focused on their core business.

Direct action items which are bottom-line and results oriented will keep businesses involved. Business leaders are decision makers that exist in fast moving and competitive worlds. In larger companies CEOs count on their staff to bring them well researched, documented and concise decision documents that they can rapidly act on.

Health Care Dialogues and “Best Messages”

One interviewee recommended avoiding ‘lefty speak’ in developing a frame, message and language that works with business.

A compelling business message includes a focus on business self-interest issues and should not include moral arguments. For example, pragmatic messages on public health, economics and workforce benefits to businesses and the community were found to be effective.

Another group recommended the message path to reach the business community is ‘cost, cost and cost’. Then, link the cost issue to quality, *i.e., we're not getting good value for the money we're spending*. Finally, it works well to link this to access via the cost shift issue.

One group found ‘employment stability’ a motivating message. This aligns with the research findings that companies are vitally concerned with ‘recruiting and retaining’ employees.

Several groups developed their effective message from polling or surveying their business community. This created a self-developed message from their business partners with greater business buy-in.

Use effective language to communicate

- Talk in their language
- Play to their pride as hardworking, creative business owners
- Acknowledge their role in providing meaningful employment opportunities
- Speak in "business" language - not “nonprofit” language
- Never use “lefty speak”

Best Mediums to Communicate

Concise written documents can effectively augment conversations.

Online communication, including the development of a peer-to-peer online system of communication, anchored by a business focused web site can also be effective.

Messages that resonate and motivate the business community to engage on health care:

- We must reduce business health care costs -- this has been repeatedly emphasized as the essential message to enter the conversation and get business attention.
- Business competitiveness, particularly small business competitiveness, is being undermined by our current system and health care reform can enhance competitiveness.
- A healthier workforce has business benefits.
- Responsibility – small business owners do feel a strong sense of responsibility to their employees and their community.
- We understand business

Messages that DO NOT resonate or motivate the business community to become engaged in health care reform issues:

- Moral issues such as “It is the right thing to do.”
- “Health Care is a Right.” – Justice arguments are not very effective
- Government run health care messages
- “We need to help the uninsured and the poor who cannot afford health care.” -- does not engage
- Universal Health Care – this is not a winning message. Guaranteed, Quality Affordable Health Care works better

Recommended Small Business Narrative

America’s 27 million small businesses are the backbone and engine of the US economy. Over half of the private work force takes home a small business paycheck. The ingenuity and hard work of America’s dynamic small businesses create three quarters of our new jobs year after year.

The ability to start a business is a cherished freedom in our country. Main street merchants anchor our communities and neighborhoods. Family farms feed our nation. High-tech, biotech and Internet startups fuel our global competitiveness. Freelancers and self employed men and women create new businesses that produce innovative new products and services.

Yet skyrocketing health care costs have made it increasingly difficult for employers, particularly small businesses, to provide health insurance for their own families and for their hardworking and loyal employees. This is wrong! We need a health care system that works FOR America's small businesses.

The time is NOW for a system that guarantees access for all to quality affordable health care so small businesses can thrive and propel our economy, job growth and innovation.

THE VALUE OF RESEARCH

A Critical Component of Credibility Early in the Campaign

Research plays an absolutely vital role in framing the healthcare debate, particularly small business attitudes. This is true for three reasons:

1. Research that demonstrates the desire among small business owners for healthcare reform and the willingness of small business owners to embrace a wide range of solutions -- including solutions that may require business participation -- very powerfully counteracts the prevailing view that small business owners are opposed to healthcare reform.
2. The opposition is generally led by organizations such as the NFIB that have large memberships. Early in the campaign it is impossible to match those numbers, so it is critical to be able to speak credibly about the needs and desires of a wide range of small businesses. Sound research results demonstrate widespread desire for reform in the absence of a large number of actual small business voices.
3. Sound research is key to credibility with (a) the media, (b) policymakers, and (3) small business owners whom you wish to recruit.

The Need for Independent Scientifically Sound Research

It is critical that the research be independent (free from bias) and scientifically sound. As noted above, early in the campaign, research is the primary driver of the credibility of the message. Therefore, the results must be unassailable. Also, most traditional small business organizations rely on surveys of their membership. It is essential to be able to make the case that their results are from a “self-selecting” limited audience, and that ours reflect the true attitudes of small businesses across the board.

The Research Must Address Reform Solutions

Too often, research into small business attitudes toward healthcare reform asks many questions about what type of insurance is being offered, how the owners feel about the health insurance crisis, etc., but does not actually ask how they feel about certain solutions. The research MUST probe their attitudes toward many different solutions (e.g. shared responsibility, “pay or play,” public insurance options, individual mandate, single-payer) or it is of little value in making the case for significant reform in the midst of a heated debate.

The Research Must Query About the Individual Market

Too often, research into small business attitudes toward healthcare reform focuses only on the small group market. Yet, small business owners who don't have employees or don't offer group insurance must purchase their insurance in the individual market. Therefore, the research questions should reflect this.

Surveys vs. Focus Groups

Ideally, a research program should include both a survey (quantitative) and focus groups (qualitative). The former is best for gathering critical data; the latter is best for

determining messaging. Given a choice between the two, a survey is more important in order to build credibility for a campaign, particularly in the early stages before a grassroots movement is built. Small business messaging can be built from national and other state research. But, the media, policymakers and small business owners themselves will only listen to research that is derived from surveys in that state.

Recommended Process

Raising the Money

The first place to start to raise money for research is local foundations or other known sources of healthcare funding. SBAH can help with the pitch to the local funders, and to help look for alternate or matching national funding. One possibility is to combine the effort with surveys in other states or as state oversamples of a national survey. The estimated cost of a basic state survey is approximately \$30,000.

Selecting a Research Consultant

It is important to retain a qualified research consultant who (1) understands how to reach out to small business, (2) understands public policy issues (especially healthcare), and (3) is not perceived as politically biased. The consultant, especially if they are locally based, can be very helpful in the PR effort – press conference, telephone calls, conferences, contact with the media, etc. (though you may need to pay more for this).

The Questionnaire

Small business owners are very busy, and, as a result, the refusal and abandonment rate for a telephone survey can be very high (as much as 85%). As such, the questionnaire should be tightly focused and ask only questions that will provide critically needed information that can be used as part of the communications campaign. Too often questionnaires tend to ask every possible question about the employer's existing healthcare plan and the employer's attitude toward healthcare, much of which is never used. It must be remembered that the respondents' attitudes toward healthcare reform are the most important issues to be explored. Attitudes toward responsibilities, the role of government, taxes, tolerance for a mandate or "pay or play" must be included. In addition, reaction to specific pending legislative proposals should be solicited.

Telephone vs. On-Line Survey

Telephone surveys are still deemed to be the most reliable and credible. However, with the growth of people who only use cell phones (even in many businesses), and the greater acceptance of the Internet, on-line surveys are becoming more popular. Caveat: On-line surveys generally won't work well in states with fewer residents than about 8 million, because the universe is too small to get a statistically reliable sample. Samples should be at least 300, with 400-500 preferred.

Timetable

You should plan about 2-3 weeks to develop the questionnaire (starting with a template such as one developed by SBAH), and you should get buy-in from all necessary parties. Then it takes about 2-3 weeks in the field. And, then you should budget about 2-3 weeks

for the data to be analyzed and the report written. So, you should figure on 6-9 weeks total.

Releasing the Results

A major media/communications campaign should be planned around the results, starting with one or more press conferences (live and/or by phone). Outreach should be to the general and business press. It should include at least one major op-ed submission. This WILL BE a major media story, given that the results will likely be novel and will defy accepted wisdom on this issue. Meetings with business leaders, policymakers and thought leaders should also be planned. The research consultant should be part of the initial release to lend credibility. Also, a diverse group of small business owners across the state should be recruited and briefed on the results. Some of them should be at the press conference(s). And, their names should be given to local media across the state who will want to interview and quote local entrepreneurs.

Continued Communication

After the initial release there needs to be a steady stream of direct outreach to media at all levels, including op-eds and letters to the editor – submitted, if possible (especially letters to the editor) by local small business owners. In addition, a summary of the findings should be an integral part of the small business grassroots recruiting campaign. The value of the research findings will last at least a year, so they should be integrated into all communications and recruiting efforts.

Recruiting New Small Businesses

The survey information can play an important role in building membership. Previous research has often consisted of limited surveys of members of business groups, some of which are dominated by big business. The survey described in this document will actually reflect the true attitudes of the broad base of all small businesses, many of which have been left out in previous surveys. The recruitment message can be “this is what you told us” and will resonate with a much broader base of business owners.

BUILDING PARTNERSHIPS WITH OTHER ORGANIZATIONS

The Value of Partnerships

Partnerships with other business organizations are very important because (1) you can leverage the power of multiple organizations working together; (2) you can create the impression of a strong large-scale small business movement in favor of healthcare reform; (3) members of each organization can choose to sign up with the other, thereby enhancing recruiting success; and (4) partnerships enable you to extend your reach into important sub-groups of business owners.

Only a small number of the 27 million small businesses belong to traditional business groups. Even fewer of them are active. Many only belong for some “benefit”, such as purchasing insurance or some other service. Additionally some business owners do not belong because traditional business groups may not represent their interests or views. Therefore, to successfully engage the full landscape of small businesses, other avenues and strategies need to be explored.

Types of Partners

- Other statewide or regional business organizations who often, or even sometimes, support progressive causes
- Local chambers of commerce
- Neighborhood merchants associations and other local business groups
- Minority business associations
- Women’s business associations
- Professional groups (*attorney, accountant, architect, engineer etc*)
- Realtors associations
- Health Care Facilities & Services Employers (*nursing homes, health care facilities are generally reliant on government funding*)
- Franchisees associations (*there is a national franchisee organization*)
- Freelance associations (*there is a Freelancers Union in New York*)
- Artists associations – (*most artists are self employed & businesses*)
- Organic and other farmer organizations
- Public & farmers markets groups
- “Buy local” groups
- Business for Social Responsibility
- Sustainable & green energy groups

Maintaining Independence

It is important for the small business healthcare reform entity to define its goals and chart its course accordingly. Sometimes that may result in decisions that don’t align 100% percent with other organizations. On the other hand, there may be agreement with those organizations on certain healthcare goals, or even, in some cases, on broad healthcare

reform. By staying independent, but forming partnerships wherever possible, this enables the core organization to stay focused and true to its principles, yet be able to build or be part of a larger coalition on key issues.

Strategies for Reaching Out

- Contact known organizations directly
- Learn about organizations from your members and associates who may also have other business affiliations
- Ask other healthcare advocates and progressive political leaders about business organizations they have found to be cooperative
- Join existing business task forces or committees, where appropriate

Ongoing Relationships

It is important to set up regular communications mechanisms with partner organizations – regular calls or meetings, forming task forces that stay in touch, online forums, blogs, etc. And, it is important to explore with all of the organizations on a regular basis when and where there is common ground.

BUILDING A SMALL BUSINESS VOICE – CHECKLIST

The following is a checklist of issues and questions to consider as the small business organization is established and grown. There is a wide diversity in how different states have built small business groups. Each state will have to chart its own path to fit local circumstances and politics.

❖ Organization Structure issues and options

- Project Director
- Board of Directors and/or Steering Committee
 - Is an Executive Committee needed?
 - How best to draw from the variety of small business communities and groups – main street, high-tech, farmers, service, freelancers, self-employed, professionals, minority, women, etc.
- Liaison to health care reform community
- Interaction with national Small Business for Affordable Healthcare

❖ Membership Building Strategies – Which strategies will be utilized?

- Developing principles to sign up members
- Canvassing
- Reaching out to existing business groups
- Recruiting from non-traditional groups
- Identifying “champions”
- Businesses already working with health care reform groups
- Online strategies

❖ Communication Strategies

- Website/online outreach
- Member newsletter and communications
- Recruiting – brochure?
- Media
 - PR capability, media contacts
 - General press
 - Business press
 - Op-ed, letter to editor, press releases
- Building Spokespeople from membership – what training will be needed; what training support is available

❖ Using research to build membership, obtain media coverage and move the dialogue

- Robert Wood Johnson Foundation small business research

- Small Business for Affordable Healthcare small business research
- Herndon Alliance research
- Survey of organization members
- In-state small business survey

❖ **Budget & Funding Options**

- State funding sources – esp. foundations
- National funding sources – esp. foundations
- In-kind support from health care reform groups
- National SBAH support
- Other national support organizations
- Membership funds

❖ **Pursuing funding by topic area may increase success**

- Research funds – survey, poll, focus group
- Public education – forums, conferences
- Outreach and membership building
- Academic research study

❖ **Legislative Agenda** – What state or federal action health care reform proposals that are relevant to small business will be profiled to encourage active involvement?

AFFORDABLE HEALTHCARE PROJECT -- ASSISTANCE TO STATES

A primary goal of the Affordable HealthCare Project is to reach out to advocacy groups in various states and assist them in either establishing their own local chapter of our organization or share information that will assist with their on-going operations.

With a well-established base in California, we have been deeply involved in the health care reform discussions and legislative activities over the past two years. We have also developed the infrastructure to reach out to local small businesses to get them involved in the communication campaign.

We can offer the following:

- Actively provide tangible support for the creation and/or expansion of independent, small-business run, “home-grown”, state chapters/affiliates and build small business membership in all 50 states.
- Help build a national infrastructure of small business owners who support comprehensive healthcare reform.
- Create a strong on-line system of recruiting, member/affiliate support and community building.
- Disseminate materials (e.g. sample op-eds, letters to the editor, talking points) and provide training to small business leaders/spokespeople and healthcare reform advocates across the country.
- Build strong partnerships with national and regional business organizations, healthcare advocates and other organizations that have small business members.
- Commission state specific studies analyzing the impact of comprehensive healthcare reform on small business growth and job creation.
- Support continued state and national quantitative and qualitative research into small business attitudes toward healthcare reform

CONCLUSION

Small business owners and managers regard access to affordable healthcare as extremely important to their livelihood and business success. They overwhelmingly feel that companies should provide healthcare to their employees and by strong majorities and pluralities, they support a wide range of possible healthcare reform proposals. They feel a sense of responsibility to provide health insurance, including the obligation to pay into a statewide pool. They also support cost-containment and other reform measures. They do not, by and large, evidence a desire reflexively to oppose various reform measures that have recently been introduced throughout the United States.

It is critical that healthcare advocates reach out to the small business community as allies in the reform movement. Not only do they have the physical “numbers”, but the support of the American public in the struggle to not only survive but thrive while pursuing the “American Dream”. Americans believe that the success or failure of a business venture should depend on innovation, product quality and hard work – not the cost of providing, or not providing, health insurance.

In short, healthcare reform advocates should not concede, but, in fact, own the “free market” ground on this issue. Healthcare reform is needed for the market to thrive; the status quo is anti-competitive and damages the American economy.

The research and data provided in the Supporting Documents supports the above assertions. More research needs to be done to push the debate forward and provide the legitimacy for significant legislative action.