

The Honorable Vern Buchanan
Chairman
Committee on Ways & Means
Subcommittee on Health
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Lloyd Doggett
Ranking Member
Committee on Ways & Means
Subcommittee on Health
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Buchanan, Ranking Member Doggett, and Members of the House Ways & Means Subcommittee on Health,

My name is Kelly Moore, and I am the owner and operator of three NAPA (National Automotive Parts Association) retail locations in Ohio.

In 2004, my husband Greg and I bet on the promise that hard work could achieve the American Dream by opening our first two stores. Greg had been considering a career change for a few years. After exploring the options, he left the corporate world, and started a business where he could apply his knowledge and skills, as well as employ our oldest son, who was diagnosed as a young child with a developmental delay. I was employed with a local hospital system in administration. It was decided that I would work both jobs – my then position with the hospital and assist with office duties for our new company – until we felt the business was “on its feet.” We employed 20 team and family members. The hard work paid off, and we opened two more stores in 2006, creating even more local jobs in Zanesville, Dresden, Coshocton, and West Lafayette. One of those jobs was mine as I left the hospital system and came on board, finally receiving a paycheck from the business. In 2017, we closed our smallest store in the village of West Lafayette, timing the closure until we could afford to expand our larger store in Coshocton and retain all the employees from both stores. We are living the Dream.

Eastern Ohio is a largely rural area with resource-rich land and the benefit of I-70 and I-77 interstates. Two of our stores, including our warehouse, are in Muskingum County. According to DATA USA, the largest area employers were in the healthcare, retail, and manufacturing sectors in 2020. The highest-paying jobs were in utilities, mining, oil & gas extraction, and agriculture. The median household income is just under \$50,000, lower than the cited national median income. There are over 85,000 residents in the county, according to the U.S. Census in 2020.

Our Coshocton retail location sits in the Appalachian Regional Development area of the United States, with about 36,000 residents. According to DATA USA, manufacturing, healthcare, and retail sectors are the largest industries. The median household income is about the same as Muskingum County, according to the U.S. Census in 2020.

Both counties are very affordable places to live in Ohio, in my opinion. During the past few years, inflationary prices for everyday expenses, such as food, fuel, and utilities, are challenging this affordability. Factor in rising costs for healthcare, and it becomes clear that the median income for families in these counties cannot go far enough to cover a medical event or the high deductibles, high out-of-pocket limits, and increasing costs of prescription drugs. A quick search of the current *Affordable Care Act (ACA)* bronze plans for these counties require an \$11,000 family deductible and set the out-of-pocket limit for families at \$17,400. Clearly, these are not “affordable” options on a median household income in either of these counties.

Traditionally, employees have relied upon employers to provide health insurance as a major part of the benefits package. Employers have used the health insurance benefit as an incentive to attract great candidates for skilled positions. At our company, GKM Auto Parts, our employees are the lifeblood of our company. Our employees are incredibly valuable, and we rely on their passion, resilience, and dedication to help our business thrive. When our business thrives, owners and employees benefit. Their well-being is a top priority for my family and me. However, with the shortage of workers, it has become increasingly difficult to attract and retain talent in recent years. One of the most significant challenges we face is the affordability of health insurance. In a competitive job market, quality health insurance benefits can make all the difference when recruiting the best candidates. To make matters worse, small business owners do not have scale. They have steep regulatory burdens and stricter mandates than larger corporations, making it difficult to compete, especially when it comes to offering more affordable health insurance packages. For over 30 years, National Federation of Independent Business (NFIB) members like me have cited the cost of health insurance as the number one business problem, with 50% ranking it as a critical problem.¹

As the cost of goods and services continues to rise, I, alongside thousands of other small business owners, am forced to make unfair and difficult choices to keep my business afloat.

Before the Affordable Care Act (ACA) mandates were imposed, we offered health insurance and paid 80% of the premium, covering office visits, medical and hospital treatments, and prescription drugs. The coverage was extended to our employees, spouses, and dependents. However, every year after the enactment of the ACA, my insurance premiums increased by double digits. In 2010 alone, we experienced an almost 30% increase in premiums. By 2015, the year-over-year increase was 21%; in 2016, that increase was 18%, and for the 2017 benefit year, the year-over-year increase was scheduled for 24%. We reacted throughout this period with changes in the insurance plans we could offer. We had to drop coverage for spouses. Later, when premiums continued to escalate, we ended the dental, vision, and life insurance benefits so that the premiums for those programs could be used to cover the health insurance premium increases. We scaled our contribution back to 70% and, subsequently, 60% until it was no longer a benefit to the employees, and we could no longer afford to offer health insurance. Furthermore, several ACA mandates resulted in less personalized options and higher costs for health insurance.

Ultimately, we could no longer afford to offer health insurance benefits, which were also becoming too expensive for employees. It was a gut-wrenching decision to make. I lost sleep. I spent most of my time at my desk, not focusing on my other duties but rather trying to crunch numbers and making phone calls to find a way to offer health insurance benefits. The worst day of my professional career was making the announcement to each employee about the termination of the health insurance benefit.

For small employers like me, navigating the highly opaque and complex system is incredibly burdensome, requiring hours of research often times with no real transparency. It is equally burdensome for my employees to navigate the system when looking for coverage on their own. Only seven of the ten opted to take out a policy or find insurance through a spouse. Even with premium subsidies offered by the ACA plans, the costs associated with deductibles, out-of-pocket expenses, and drug plans were still unaffordable, according to the employees who chose not to insure themselves. Two have admitted that they weighed the option of leaving us for another position.

The good news is that our employees currently have access to coverage due to recent legislative and regulatory actions. The *Tax Cuts and Jobs Act's* Small Business Deduction (Section 199A) allowed us to deduct 20% from our passthrough income, providing tax savings that we used to purchase health insurance for our employees. A change in regulations by

¹ Holly Wade & Andrew Heritage, NFIB Research Center, *Small Business Problems and Priorities*, 2020, <https://assets.nfib.com/nfibcom/NFIB-Problems-and-Priorities-2020.pdf>.

the Trump Administration allowed NAPA Auto Parts to offer an association health plan to store owners and their eligible employees that was more affordable than small group market insurance. With these savings measures, we were able to not only offer, but pay 100% of the premium for dental and life insurance for eligible employees. The association health plan has been extremely beneficial to our small business, and I am certain it would be beneficial for all small businesses interested in offering competitive health insurance plans. If either of these policies, the Small Business Deduction or the ability of small groups to purchase an association health plan, were to expire or be eliminated, we would no longer be able to offer health insurance.

Still, we continue to struggle with ever-increasing premiums, deductibles, high healthcare expenses, and out-of-pocket costs that do not seem to relent. At a time when inflation and worker shortages continue to be difficult challenges facing small business owners,² legislative and regulatory relief must be implemented to alleviate these artificially imposed burdens and contain the expense of healthcare. We need personalized, affordable, and flexible health insurance options for ourselves and our employees.

A one-size-fits-all health insurance system that does not take into account the unique needs and challenges facing small business owners and our employees will only continue to result in disaster. A recent survey by NFIB shows that over 90% of small business owners are concerned that the cost of providing health insurance to their employees will become unsustainable in the next 5-10 years.³

The status quo is unsustainable. Healthcare costs need to be contained. Again, we need more choices and flexibility when it comes to health insurance so that we can provide the best possible coverage for our employees without breaking the bank.

The past three years have called for resourceful, resilient, and creative ways to keep our doors open and all employees gainfully employed. Life in our small communities is very far removed from the media headlines. We have safe streets and concentrate on keeping our schools safe to obtain a meaningful education that can lead to a successful professional life. People in our area work hard and want a good life for themselves and their families' future. Jobs lost during the pandemic are returning to our area at the level of employment pre-pandemic. Wages have risen locally. As a business, we issued several raises and bonuses to all employees over the past few years. Most small businesses realize now more than ever it is critical to operations to keep our qualified and well-trained employees within our organization. Our business has put expansion plans on hold during the current unstable economic environment. With interest rates rising, inventories shrinking due to supply shortages, and inflated fuel and utility costs, we are waiting the times out. We don't see better economic times coming any time soon; our confidence in the economy has negated a risk-worthy business expansion. We are using this time to review procedures, eliminate costly services, and in general, get "Lean and Mean". We are steadying our business for additional economic tests. That is our focus.

I will close with a famous quote from President Ronald Reagan which reflects the sentiment in my neck of the woods, "Government does not solve problems, it subsidizes them. The government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. If it stops moving, subsidize it."

I would like to thank the committee for inviting me to testify, for listening to the small business community's concerns, and for your efforts to empower small business owners. Personally, I would say that living the American Dream has less to do with what the government can do for me, with costly programs and subsidies, and more with allowing me the opportunity to accept responsibility for the lives we employ.

² William C. Dunkelberg & Holly Wade, *NFIB Small Business Economic Trends*, NFIB Research Center, March 14, 2023,

³ Holly Wade & Madeleine Oldstone, *Small Business Health Insurance Survey*, NFIB Research Center, March 2023