

Two studies by the Economic Policy Institute (EPI) find that the House health care reform bill (H.R. 3200) would pay dividends for small businesses and other groups, and costs incurred by the federal government would help reduce total health spending over time.

"Health Care Reform—Big Benefits for Small Business" explains the many ways in which small businesses will benefit from health care reforms. Only 35 percent of businesses employing fewer than 10 workers offer health insurance, and those that do usually pass on a higher share of the cost to workers than do larger businesses, the report says.

A key problem is that small businesses typically pay more for health insurance because of the way policies are sold. Reforms that would create more competition among insurers and reduce their administrative costs "would significantly reduce the cost small businesses incur providing health insurance," EPI said.

The other study, "Seeing the Big Picture in Health Reform and Cost Containment," shows why a federal government investment in health care reform could produce big savings in total costs over time and argues that cost analyses focusing strictly on the cost of health reform to the federal government are misguided.

Fundamental health reform is worth doing even if it does not pay off in big federal budget savings. The reason is simple: Health care is an area where the more costs are loaded up on the federal government, the more efficiently care tends to be delivered overall.

That helps reduce total health spending over time, spending that is currently rising faster than gross domestic product, according to EPI.