

**H.R. 4021 The Small Business Health Insurance Relief Act of 2002**  
**Helping Small Businesses Provide Quality, Affordable Health Insurance to their Employees**

Although most working Americans have employer-sponsored health insurance coverage, a significant share (17 percent) of workers remain uninsured. Approximately 39 million Americans are uninsured, and 72 percent are either full-time workers or dependents of those workers. Americans working for small businesses are only about half as likely to have employer-based health insurance as those working for large businesses.

Many small businesses are unable to offer their employees coverage due to such factors as high turnover rates and small risk pools, which can make group premiums unaffordable for many employers. Uninsured workers are generally low-income and working for small employers where either insurance is not offered or the high cost of the employee share of the premium is out of reach for low-wage workers. One way to provide access to affordable health insurance for many of these workers is to subsidize their purchase of an employer-sponsored plan.

The Small Business Health Insurance Relief Act would help small businesses provide quality, affordable health insurance to their employees. Specifically, it provides planning grants to enable states to design premium assistance programs for employees of small businesses (under 50 employees). Under the terms of the Medicaid statute, states are permitted to subsidize an eligible individual's share of the costs for employer-based coverage when it is cost-effective to do so. These programs would be authorized by Section 1115 waivers to the state's Medicaid or SCHIP programs. The State Children's Health Insurance Program (SCHIP) has enabled states to significantly expand public coverage for children through Medicaid or separate state programs. A few states have also included some parents whose children are eligible for SCHIP coverage. A premium assistance plan combines public and private dollars and could extend employer-sponsored coverage to many more uninsured low-wage workers.