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Small biz takes on rising health-care costs

by [Terri Feeley](#)

San Francisco small businesses are challenged by the rising costs of health care and losing employees to employers with better benefit packages.

SF Works has teamed up with the Chamber of Commerce and leading benefits providers to prove it doesn't have to be this way.

The rising cost of health insurance is a "lose-lose" scenario. Businesses suffer from the burden of escalating costs, and workers suffer from inadequate or nonexistent coverage. Forty-six thousand San Francisco workers lack health insurance. Thousands more have coverage that they cannot afford to use. A disproportionate number of these workers are employed by small firms, 90 percent of which are paying more for employee health insurance each year, according to salary.com.

Small firms often have no choice but to pass rising costs on to their employees. Employees respond by seeking jobs at larger, richer companies. Salary.com reports that 17 percent of exiting employees cite inadequate benefits as the reason for leaving their job.

Creating a new resource

When new minimum spending mandates roll out next year, San Francisco's employers will face tough choices about how to contribute to their workers' health care expenses. SF Works partnered with the chamber to create the Chamber Health Advantage Membership Program as a resource for these businesses.

The new program offers personalized service, access to all California health insurance plans, and savings on related products like free premium-only Section 125 plans. One novel component is an innovative product offering from Ben-e-lect. Ben-e-lect makes it possible for many to do the previously unthinkable -- decrease medical costs while increasing employee benefits.

Employer- (or consumer-) driven health plans, with which Ben-e-lect is usually associated, have among their defining features high-deductible coverage. Unlike other employer-driven plans, however, Ben-e-lect combines high-deductible health insurance with third party-administration, allowing the business to customize the benefits it wishes to offer its employees. As research has demonstrated a strong, positive link between health insurance benefits, job satisfaction, and worker retention, businesses are served well to pass on savings to employees. Most do so in the form of lower co-pays that Ben-e-lect administers.

San Francisco's small businesses are known for their ingenuity. Now, we're seeing the same type of resourcefulness and creativity brought to San Francisco's health insurance marketplace.

Terri Feeley is executive director of SF Works.