



Written by [Michael Tennant](#) on July 1, 2010

## ObamaCare Gives Small Business the Business

Economist Robert Higgs wrote a paper in 1997 arguing that “regime uncertainty” — “a pervasive uncertainty among investors about the security of their property rights in their capital and its prospective returns” owing to the constant barrage of regulation emanating from the Franklin Roosevelt administration and its bureaucracies — was a significant contributor to prolonging the Great Depression. Investors were skittish about putting their money to work when they didn’t know what new, destructive government policies the next day might bring, so they just sat on all that capital. Without capital investment, the economy ground to a halt.



Given that Roosevelt is still worshipped by most Democrats, and even some Republicans, it comes as no surprise that President Barack Obama’s policies, modeled on the corporatist schemes of FDR, are having similar effects. His signature achievement thus far, ObamaCare, has created so much regime uncertainty among small business owners that they are largely paralyzed, not knowing how to proceed for fear that the ObamaCare mandates will destroy their businesses, according to [a report](#) by Rebekah Rast at NetRight Daily.

Rast recounts just a few of the small-business-killing mandates in ObamaCare.

First is the requirement that employers must give the same benefits to everyone in the company. Rast relates an example supplied by Victoria Braden, CEO and President of Braden Benefits Strategies, a human relations/employee benefits consulting firm in Georgia that works closely with many small businesses: “If a restaurant owner covers 90 percent of the health care costs for his managers, but only 50 percent of the costs for the rest of his staff, he will be forced to cover everyone at 90 percent or 50 percent. Every employee has to receive the same coverage and their W2 forms next year have to reflect how much their employer contributed to their health care plan.”

It’s a pretty fair bet that employers are going to choose to offer the same, minimal benefits to all their employees rather than offering them all the best plan available. In addition, employees may have their hours cut so they won’t be classified as full-time employees (defined as those who work at least 30 hours a week), to whom the equal-benefits mandate applies. As usual, liberals’ attempts to equalize outcomes result in bringing *down* those with more, not raising up those with less.

There’s an even worse alternative: “I’ve had several companies say that they are just going to drop employee’s [sic] insurance altogether because they can’t afford it,” Braden told Rast. Since buying health insurance as an individual is frequently unaffordable, those whose insurance is taken from them by ObamaCare’s mandates will have little recourse. They have to be uninsured for at least six months to take advantage of state high-risk pools, themselves underfunded and somewhat selective in whom they will cover; and while employers have to begin obeying the mandates in 2011, ObamaCare’s subsidized



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insurance plans don't become operative until 2014.

The second ObamaCare mandate that will harm small businesses is the strict list of conditions they must meet in order to qualify for a tax credit for the purchase of employee health insurance. As this author [reported](#) in *The New American* recently:

According to the National Federation of Independent Businesses (NFIB), only 12 percent of small businesses qualify for the tax credit in the first place, and of those, only very small firms (those with 10 or fewer employees) will qualify for the full credit. As the number of employees increases, the tax credit decreases, vanishing when a firm hires its 25th employee. Moreover, the credit is reduced as the average wage increases, and only firms covering at least half their employees' insurance costs are even eligible. Even allowing that this will provide relief to a small number of businesses, the tax credit expires after six years. It's no wonder the NFIB estimates that the "employer mandate could eliminate 1.6 million jobs between 2009 and 2014, with 66 percent of those coming from small businesses."

The third small-business-killer in ObamaCare is an insurance fee. Rast explains: "Overall it is an \$8 billion tax — that escalates to \$14.3 billion by 2018. This is a tax on insurance companies based on their market share with small businesses paying the bulk of the tax. This law excludes self-insured plans — plans most big businesses and labor unions offer. Therefore this tax will be passed onto plans that a majority of small businesses and individuals buy." There, once again, goes Obama's promise not to raise taxes on families earning less than \$250,000 a year.

Bill Wilson, president of Americans for Limited Government, told Rast, "Obama gives lip service to job creation, but his policies are destroying the American dream and the jobs created by small businesses."

Perhaps Wilson just misunderstood the President. Obama is in favor of job creation, all right — [in government](#), the sector that has seen the most explosive growth during the current recession. Unless it is [repealed](#), ObamaCare will ensure that this explosive growth continues for decades, endangering our health, our jobs, and our liberties.

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