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Small firms unite for health insurance

Dallas coalition's policy took effect Friday; teaming up cuts costs

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By KATHERINE YUNG / The Dallas Morning News

An effort that could bring Dallas-area small businesses more affordable rates for group health insurance is under way.

Dallas' first health coalition of small employers consists of three companies with a total of 21 employees. The group's insurance took effect Friday.

The coalition stems from a state law passed in 2003 that allows small-business owners to band together to reduce the high cost of group health insurance, a major problem for many of these firms.

By joining forces, the coalition reduced its group health insurance costs by an average of 35 percent, said Paul Bayless, executive director of Small Business Coalitions of Texas, the Dallas nonprofit that formed the group.

The Dallas coalition is one of nine such groups registered in Texas, primarily in Austin and Galveston.

Another Dallas coalition, involving seven companies with a total of 30 employees, is on the way, with more expected to follow, Mr. Bayless said.

About 25 percent of Texans lack health insurance, the highest uninsured rate in the nation, according to U.S. Census Bureau figures.

Last year, the Texas Association of Business found that three-quarters of uninsured Texans hold full-time jobs but can't afford health insurance.

"We're hopeful it will chip away at the problem of the uninsured," Jerry Hagins, a spokesman for the Texas Department of Insurance, said about the coalitions.

Texas had formed similar coalitions in the early 1990s but the effort failed because the program didn't involve insurance agents, Mr. Bayless said.

The concept has succeeded in other states, he said.

The chief difficulty involves getting more carriers to sign on. The Dallas coalition is insured by UniCare Life & Health Insurance Co.

Insurance carriers "are not quite embracing it, but they're getting close," Mr. Bayless said.

Chris Nixon, business manager of Definitive Rehab and Pain Management in Red Oak, which is a member of the Dallas coalition, said his company couldn't afford to provide health insurance for its three employees without the coalition.

"We decided to do it primarily because of costs," he said. "It was very important to us to provide health insurance for our employees."

At another coalition member, Southwest Fiber of Dallas, 12 of the 19 employees had been uninsured because the company was only able to offer individual policies at high rates, said Cindy Wetherholt, its human resources manager.

"We wanted to be back on group health insurance," she said. "This is a huge benefit."

Companies that employ anywhere from two to 48 full-time workers are eligible for the coalitions, which are each limited to a total of 50 employees.

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