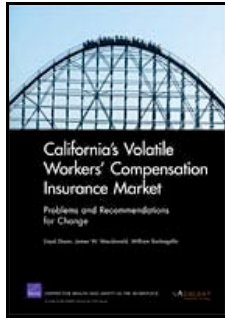




Highlights of Recent RAND Research on Small Business

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Most of small business work at RAND is conducted through the Kauffman-RAND Institute for Entrepreneurship Public Policy, which is part of the RAND Institute for Civil Justice (ICJ). The Kauffman-RAND Institute is dedicated to assessing and improving legal and regulatory policymaking as it relates to small businesses and entrepreneurship in a range of settings, including corporate governance, employment law, consumer law, securities regulation, and business ethics.



California's Volatile Workers' Compensation Insurance Market Problems and Recommendations for Change

Lloyd Dixon et al., 2009

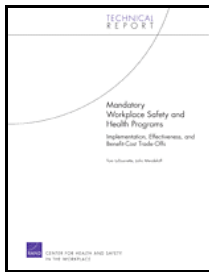
Since partial deregulation of insurance rates in 1995, the California workers' compensation insurance market has been very volatile. For reasons that go beyond price deregulation, there have been dramatic swings in insurers' underwriting profits and the share of coverage written by private insurance carriers, and a substantial number of insurers, including some of the largest market participants, have failed. The price that California employers have paid for workers' compensation insurance has been volatile since 1995 as well, continuing the considerable variation that occurred in earlier years. This book identifies and examines factors that contributed to the market volatility and the large number of insolvencies following price deregulation. It also examines the regulatory system that oversees the workers' compensation market and how the California Department of Insurance responded to the market turmoil that followed the move to open rating. It makes recommendations that aim to reduce market volatility and the frequency of insolvencies while realizing the benefits of a competitive market.



The Effects of Substance Use on Workplace Injuries

Rajeev Ramchand et al., 2009

Occupational injuries are a serious public-health issue and cause significant morbidity and mortality in the United States. In 2004, there were 3.4 million admissions to emergency rooms for job-related injuries and illnesses, a number that reflects an estimated rate of 2.5 admissions per 100 full-time equivalent (FTE) workers aged 15 and older. In 2005, private industry employers reported 1.2 million injuries and illnesses that required days away from work, representing 135.7 per 10,000 FTE workers. The same year, data from the Census of Fatal Occupational Injuries estimated that there were approximately four occupational-injury deaths per 100,000 employed workers, which represented a total of 5,702 such deaths that year. The costs of occupational injuries and illnesses in the United States exceed \$100 billion annually and entail both direct and indirect costs borne by injured workers, their families, other workers through lower wages, firms through lower profits, and consumers through higher prices. This paper describes associations between substance use and occupational injuries and proposes reasons that substance use may be linked to work-related accidents; reviews the most-recent empirical literature that has attempted to document the relationship between substance use and occupational injuries; highlights findings that are consistent across studies and addresses the limitations that most of these studies confront; examines the policies that attempt to address substance use at the workplace and why each initiative may or may not influence rates of occupational injuries; and discusses what remains unknown about the relationship between substance use and occupational injuries and identifies future avenues for research that could help fill some of these research gaps.



Mandatory Workplace Safety and Health Programs Implementation, Effectiveness, and Benefit-Cost Trade-Offs

Tom LaTourrette and John Mendeloff, 2008

In 1998, the Occupational Safety and Health Administration (OSHA) began work on developing a standard that would have required all workplaces to establish a safety and health program, which uses management tools that address general behaviors and procedures to reduce the risk of occupational injuries and illnesses. Although some states already had such programs in place, OSHA argued that worksites with such programs had lower rates of injury and illness and that a federal standard would extend this benefit to worksites without such programs. By 1999, however, OSHA had abandoned its rulemaking process, partly due to intense criticism of the effectiveness relative to the cost of the proposed standard. Prior studies have attempted to analyze whether, if implemented, the standard would have been effective in its goals and whether the benefit-cost trade-offs would have leaned in favor of one or the other. Unfortunately, these studies have been inconclusive for a variety of reasons. This report takes an objective approach to assessing both the proposed OSHA standard and prior studies of its potential effectiveness, implementation and enforcement, and benefits and costs, concluding with recommendations to guide further analysis should federal or state authorities opt to revisit the rulemaking process for such a standard.



Enhancing Small-Business Opportunities in the DoD

Nancy Y. Moore et al., 2008

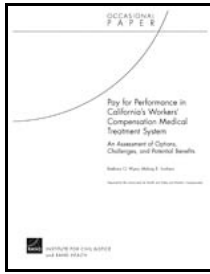
Impediments may exist that hamper small-business contracting opportunities. Among the issues examined in the report are federal goals for small business purchases, the unique purchase needs of the Department of Defense, and how they affect opportunities for small businesses. The study also examines contract “bundling,” subcontracting in professional services and research and development, opportunities in the Small Business Innovation Research and the Mentor-Protégé Programs, electronic payment systems, and whether firms “graduate” from the programs or increase in size from “small” to larger businesses as a result of various small-business preferences, including those for procurement.



The Economic Burden of Providing Health Insurance How Much Worse Off Are Small Firms?

Christine Eibner, 2008

More than 60 percent of nonelderly Americans receive health-insurance (HI) coverage through employers, either as policyholders or as dependents. However, rising health-care costs are leading many to question the long-term viability of the employer-based insurance system. Concerns about the economic burden of providing HI are particularly acute for small businesses, which are both less likely than larger firms to offer HI and more sensitive to price when deciding to offer insurance. Small firms may have difficulty containing costs due to their limited bargaining power and their inability to hire experts skilled in negotiating with insurance companies. Further, while few recent studies have systematically explored differences in the quality of HI plans that small and large firms offer, small firms may offer health plans of lower quality. To better understand these issues, researchers from the Kauffman-RAND Institute for Entrepreneurship Public Policy (KRI) explored trends in the economic burden associated with HI provision, as well as the distribution of this burden, for small and large businesses. They also considered the quality of plans that small and large firms offer.



Pay for Performance in California's Workers' Compensation Medical Treatment System An Assessment of Options, Challenges, and Potential Benefits

Barbara O. Wynn and Melony E. Sorbero, 2008

Over the past few years, nonoccupational group health-insurance programs and health plans have implemented initiatives to improve the quality and efficiency of care through incentive programs, typically called “pay for performance,” or P4P. In addition, Medicare program administrators are evaluating how P4P incentives might be incorporated into Medicare payment systems. This paper assesses the options, challenges, and potential benefits of adopting P4P incentives for physician services in California's workers' compensation program. It offers three models that might be able to surmount the challenges, provided that the stakeholders have the commitment and trust to work through the design issues and allow the P4P program to evolve over time. P4P alone will not be sufficient to drive value-based medical care provided to injured workers; rather, it should be considered as part of a multipronged set of strategies designed to increase the efficient delivery of high-quality care that enables rapid and sustained return to work.



Estimating the Cost of Administering the Department of Defense Small Business Innovation Research (SBIR) Program

Somi Seong et al., 2008

Congress is in the process of reauthorizing the Small Business Innovation Research (SBIR) program, which expires in 2008. One issue being considered in the reauthorization is whether to allow partial use of SBIR set-asides for SBIR program administration costs and, if so, at what levels. Currently, the use of SBIR funds to administer the SBIR program is prohibited, and SBIR administration must be funded from other sources. The authors estimate that the U.S. Department of Defense (DoD) spends, on average, an additional 6 percent on top of the SBIR set-asides to administer its SBIR program. That percentage is higher than that for government programs that predominantly award grants (rather than contracts), at or lower than levels for other government R&D programs, and lower than the total compensation levels for venture-capital organizations. Further analysis is required to understand the benefits of alternative levels of administrative investments for the DoD SBIR program.

Updated 2/23/10