

Dear Representative:

The undersigned employers, trade associations and organizations from all walks of the economy urge you to join with small businesses across the country to oppose the "Affordable Healthcare for America Act" (H.R. 3962).

The entrepreneurs we represent on behalf of our organizations strongly agree that the status quo is unacceptable and that healthcare costs are unsustainable. As consumers trapped in the two most broken marketplaces – the individual and small group markets – our members believe they have more to gain, and more to lose, than any other population in the healthcare debate.

While we agree that reforms must be made to improve access to quality, affordable healthcare, the Small Business Coalition for Affordable Healthcare is deeply concerned about the devastating impact this legislation will have on their businesses, their employees and the overall economic recovery. Particularly, egregious provisions include:

- ✓ **Employer mandate tied to a punitive "pay-or-play":** H.R. 3962 combines an employer mandate with a "pay-or-play" tax. Aside from the overly prescriptive tests an employer who provides coverage must meet, the payroll tax penalties threaten both those who do and do not provide coverage. Economic research has shown time and again that mandates are a "one-two punch" that is first borne by the employer, but is ultimately borne by the employee – through job loss and lower wages.
- ✓ **Surtax:** Seventy-five (75) percent of small businesses are structured as pass through entities and pay their business taxes at the individual level. More than one-third of small businesses employing 20 to 250 employees would face the tax. Finally, since the tax is not indexed for inflation, the effect of the tax will creep downward, making more and more businesses vulnerable to a tax increase.
- ✓ **Public Option:** A government-run plan cannot compete fairly with the private market, and ultimately is funded on the backs of small businesses. We believe that with proper reforms, the private market can be held accountable to provide greater competition and lower-cost solutions for small businesses and their employees.
- ✓ **Takes Working Solutions off the Table:** Small employers need more, not fewer, affordable health insurance options. However, the prohibition of HSA, FSA and MSA funds to purchase over-the-counter medications, along with the \$2,500 limit on FSA contributions, threatens to further limit the ever-shrinking options employers have to provide meaningful healthcare to their employees.
- ✓ **Big Benefit Package and More Mandates:** Small employers typically pay 18 percent more for their healthcare. Small employers need a guarantee that plans offered in an exchange will be less costly, not more expensive, than what they are paying today. The benefit packages in H.R. 3962 are far more "benefit rich" than plans offered in today's marketplace and also require some small employers to provide additional benefits that go beyond the scope of current federal law.
- ✓ **Big Price Tag for the Government = A Bigger Bill for Small Business:** As though the \$1.05 trillion dollar price tag wasn't enough to cause small employers concern, a recent CBO report revealed that \$1.67 billion would be realized through penalties on employers and individuals. This only reinforces the fact that, as the cost of the government programs grow, so too will the financial burden placed on small businesses in the form of more penalties, fees and taxes.

Our organizations share the strong desire to enact meaningful and sustainable healthcare reform. We believe there are better pathways to more affordable and accessible healthcare for America's small business community. They include enacting common sense and economically sound reforms such as:

- ✓ Instituting insurance market reforms that increase access, expand choice and spur competition for private insurance;
- ✓ Creating marketplaces that provide greater transparency and more efficient approaches for purchasing insurance;
- ✓ Providing equity in tax treatment for the self-employed; and
- ✓ Improving affordability and providing for sustainable cost containment by eliminating wasteful spending in the overall healthcare system.

In a time of such great economic uncertainty and when unemployment is the worst it has been in more than 25 years, small business can help provide the spark to reignite economic recovery in our country. The Small Business Coalition for Affordable Healthcare opposes H.R. 3962 because it fails to reduce the growth in healthcare costs and health insurance and threatens to hamper the economic recovery. Please vote no on H.R. 3962 and partner with the small business community to develop legislation that truly reflects what small business wants and needs.

Sincerely,