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January 18, 2011

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 205105

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Boehner:

I write on behalf of the Retail Industry Leaders Association (RILA), the premier trade association for the nation's largest and most innovative retailers, in support of H.R. 2 and H.RES. 9. If passed, we hope this legislation will serve as a mechanism to ultimately address some of the retail industry's core areas of concern in the health reform law.

Since the outset, RILA has supported fundamental health insurance reform with the hope that it would address the unsustainable annual cost increases our member companies currently experience, while preserving the ability to design and offer health benefits to meet the needs of retail employees. Early in the health reform legislative process, RILA laid out a series of principles that were core to our support, and worked with Members from both parties in the House and Senate and the Administration to communicate and advocate for our bottom line needs. To this end, we were pleased to see a few important measures included in new health care law, such as preservation of ERISA preemption, embracement of the employer-sponsored system for benefit access and the ability to offer premium discounts to individuals who make healthy lifestyle choices.

However, the health care reform bill signed into law last year fell short of our core needs as health care costs continue to escalate, the ability to custom tailor plans affordable for employees has diminished dramatically, and the government now has an unprecedented role in what was once a voluntary offering by our companies. For these reasons, we urge members of both parties to build upon the successes of the new law and rewrite the rest in such a way that the very real challenges faced by businesses and individuals alike are addressed. Specifically, we urge Members of Congress to revisit and address the following issues:

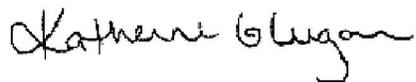
- 1) **Cost containment.** Much more needs to be done to contain ever-escalating costs. Mandating that certain benefits be covered at a certain price does not adequately fix the problems in our medical system. Shifting provider payments and insurance benefits to incentivize wellness, and enacting meaningful medical liability reform are two steps in the right direction.
- 2) **Flexibility and Affordability.** Because of ERISA, all RILA member companies are able to voluntarily offer health care coverage to millions of hard working Americans. ERISA enables our companies to offer benefits at the lowest possible price, meaning we are able to hire more workers and keep our economy growing. For these reasons, we urge you to repeal a number of new mandates that would erode or impede upon the existing provisions of ERISA as well as a requirement to offer employees "vouchers" if they opt-out of our health plans, even if those plans meet arbitrary federal standards for quality.

3) **Part-Time, Temporary and Seasonal Workers.** The retail industry proudly employs nearly 15 million Americans, some of whom are from low-income households, or working part-time, temporary or seasonal jobs, and each of whom are directly impacted by the health reform law. RILA has long advocated that special care be taken to address the health needs of persons from low-income households. Health insurance subsidies, targeted wellness programs and other solutions are ways to tackle this very challenge. Yet, while retailers are willing to continue doing their share to ensure that all our employees have access to affordable health benefits, we are opposed to any unforgiving mandate which levies a penalty should even one employee fall below an arbitrary threshold. We also cannot stand for a law that will subject employees to a “revolving door” effect of employer-sponsored and exchange-based plans.

- *390 Hours of Service to Define Full-Time Work.* Many employees enter the workforce for just a few weeks or months, with no intention of staying at a company to make a career. In recognition of this, PPACA authorized a waiting period of 90 days before full-time employees must be enrolled automatically into our companies’ health benefits plans. However, the law was not clear in defining “full time” employment, except to define it as an average of 30 hours worked per week in a one-month period. Unfortunately, this definition could lead to a situation in which employees must suffer a “revolving door” effect month-to-month as they bounce between employer-sponsored and exchange-based plans when their status changes each month. Additional clarification to define a full-time worker as someone who works 390 hours in a quarter (30 hours per week for 13 weeks) will eliminate any ambiguity about who is considered full-time.

Today, as we have done in the past, we remain committed to providing key legislative solutions for addressing these and other significant challenges and hope to work in a bipartisan manner to resolve them. We look forward to an ongoing dialogue and are hopeful that it will result in changes to the health reform law that will result in a better, more affordable system for retail employees and customers alike.

Sincerely,

A handwritten signature in black ink that reads "Katherine G. Lugar". The signature is written in a cursive, flowing style.

Katherine G. Lugar
Executive Vice President, Public Affairs