

The Honorable Lynn Jenkins  
United States House of Representatives  
Washington, D.C

Dear Congresswoman Jenkins:

My name is Jon Rolph. I operate 64 restaurants that my uncle and my father built over the last four decades making ours a multi-generational family business. I am writing you to ask for your help in persuading your colleagues to change the definition of a full-time employee under the Affordable Care Act from 30 hours per week to 40.

We have always enjoyed exceptionally good relations with our employees as evidenced by our low turnover in an industry that is notable for high turnover. I say this so you will know that, while our workforce is more stable than is common in the hospitality business, ours is still a business in which it is common for people to work for a season of their lives before moving on. A high percentage of our employees are drawn to us because of their need to have a flexible schedule. We are uniquely capable of accommodating that need.

Our managers and supervisors are offered an excellent health insurance plan at a relatively low cost to them. We have been doing this since we opened our second restaurant. A more modest insurance program has been available for purchase by all our employees for over a decade. However, under the terms of the Affordable Care Act that insurance plan, a so called mini-med, does not qualify, and, even though the Administration reversed itself in the 11<sup>th</sup> hour to allow us to continue for another year, our provider will not offer this policy after December 31. This has had the effect of making our employees think that we have taken something of value away from them. Now they have to go to Healthcare.gov to figure out how to replace it. The good news, I suppose, is that many of them will find that they qualify for a subsidy. I imagine that these are the circumstances Congress had in mind when they made provisions for these subsidies.

A year from now, when we will offer them insurance coverage as we are required to do, it will most likely be priced at 9.5% of their wages which is the maximum premium. If they don't take our plan, however, they will have to go back to the exchange, but they will no longer qualify for the subsidy they had in 2014. The practical effect is that they will have to pay more or they will simply go without insurance and be subject to a fine. This is the demographic of the young and the healthy that is required to make the ACA work as it was intended.

A second but related problem is that our industry has an exceptionally high proportion of employees who work schedules that average between 30 and 40 hours. It is common for employees to go back and forth over the 30-hour threshold and still average greater than that number. As you have heard reported in the press, some restaurant chains have cut employees' hours to get them below the 30 hours per week during the "look back period" which will determine their eligibility to participate in company-offered plans beginning in 2015. A purely mathematical analysis of the situation would seem to support such a policy.

We chose not to do that. We think it is unfair to break faith with the people we depend on and who depend on us.

We see it as an unintended and harmful consequence that in 2015, once they realize the cost impact, many employees will find it to their advantage to ask for their hours to be reduced below the 30-hour threshold in order to continue to qualify for the subsidized healthcare.

As a practical matter, setting the definition of full-time at 40 hours per week, the same definition that is used in determining overtime pay, would make the cost of providing health insurance to our "truly" full-time employees affordable to us and our customers within our traditional business model. In other words, we could absorb the costs without pricing our menu up to the point of discouraging patronage.

Thanks for your consideration.

Sincerely,

Jon Rolph  
President  
Sasnak Management Corporation