



July 9, 2013

Chairman Kevin Brady
Committee on Ways and Means
Subcommittee on Health
U.S. House of Representatives
Washington, D.C. 20515

Ranking Member Jim McDermott
Committee on Ways and Means
Subcommittee on Health
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Brady and Ranking Member McDermott:

On behalf of Associated Builders and Contractors (ABC), a national trade association representing 22,000 members from more than 19,000 construction and industry-related firms, I am writing in regard to the subcommittee hearing on the “Delay of the Employer Mandate.”

Providing quality health care benefits is a top priority for ABC and its member companies. ABC continues to call on Congress to advance common-sense proposals that will address the skyrocketing costs of health insurance, especially for employer-sponsored plans and the rapidly rising number of uninsured Americans. ABC believes true reform should provide greater choice and affordability and allow private insurers to compete for business.

March 23, 2013, marked the third anniversary of the massive health care law, known as the Patient Protection and Affordable Care Act (PPACA). Three years later, PPACA fails to lower health care costs. Many employers have watched their insurance premiums increase, and some have even seen their plans be discontinued altogether, forcing some to purchase more expensive policies or drop their coverage. Further, PPACA continues to create uncertainty and confusion in the construction industry, making it difficult for the nation’s contractors to plan for the future and create jobs.

The Employer Mandate

For more than three years, ABC has advocated for the repeal of the complex and costly employer mandate included in PPACA. On July 2, the Obama Administration finally acknowledged employers' concerns about implementing the burdensome requirements in a timely and effective manner. In a small step forward, the Treasury Department issued a blog post that announced the delay of the employer shared responsibility (or employer mandate) tax penalties until 2015.

Beginning in 2014, PPACA mandated that employers with 50 or more full-time equivalent employees offer a certain level of coverage or be subject to new taxes. According to the Treasury Department blog post, the administration is extending transition relief for the employer shared responsibility payments (under section 4980H). These payments will not apply for 2014.

It is important to note the employer mandate tax penalties are only delayed—the employer mandate provision is not repealed. The increased costs related to this onerous mandate are still of significant concern to ABC members. By forcing employers to offer government-prescribed health insurance, ABC members will no longer have the choice or flexibility to structure health care coverage options that meet the needs of their fluctuating workforce. The resulting increased costs will jeopardize the ability of ABC

member companies to maintain affordable coverage options for their employees and will force some to drop coverage altogether.

ABC members also have major concerns about the implementation of PPACA's employer mandate provisions, which require significant employer education. The regulations implementing the employer mandate are complex, confusing and unclear. They create an environment of uncertainty in the construction industry that makes it difficult for firms to adequately plan for the future—ultimately stifling job creation.

ABC supports the American Job Protection Act (H.R. 903), introduced by Rep. Charles Boustany (R-La.), which would repeal the employer mandate provision in PPACA and protect existing jobs by removing some of the uncertainty facing employers and helping America's job creators get back to work.

We appreciate your attention to this important matter and look forward to working with you to repeal the costly employer mandate.

Sincerely,



Kristen Swearingen
Sr. Director, Legislative Affairs