



March 29, 2012

The Honorable Wally Herger, Chairman  
U.S. House Ways and Means Subcommittee on Health  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Pete Stark, Ranking Member  
U.S. House Ways and Means Subcommittee on Health  
1106 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Herger and Ranking Member Stark,

Representing the country's largest, oldest and most respected small business associations who have spent more than a decade working to improve access to and affordability of private health insurance, the Small Business Coalition for Affordable Healthcare (SBCAH) appreciates the Ways and Means Subcommittee on Health looking into the effect of individual and employer healthcare mandates on America's job creators.

In the Patient Protection and Affordable Care Act (PPACA), the employer mandate penalizes businesses with 50 or more "full-time equivalent" employees if they do not provide government-prescribed health insurance, or if certain employees receive a tax credit and purchase insurance through the Exchanges. Regulations promulgated to implement this mandate are further exacerbating the confusion among employers, increasing employer uncertainty as to the various ways to: classify and define employees; calculate the impact of the cumbersome requirement; and minimize the costs associated with compliance. This cumbersome burden will only increase costs for small business owners.

This onerous mandate will force employers to use their resources and savings to pay these penalties, at the expense of hiring employees, creating jobs, and expanding their businesses. It also establishes a powerful disincentive to hire more than 50 full-time equivalent employees. Thus, it punishes both employers and employees alike. While the employer will struggle with the cost of the penalties, the employees will suffer lower wages and possibly job loss. According to the Congressional Budget Office (CBO), the employer mandate and other harmful provisions in PPACA would cost the economy over 800,000 jobs. CBO also recently estimated the employer mandate could cause as few as three to five million and as many as 20 million individuals to lose their current employer sponsored insurance coverage. This hurts small businesses that generate two-thirds of the new jobs each year.

Further, this unprecedented mandate creates more uncertainty for the nation's job creators. These penalties are already discouraging employers from making immediate and long-term business decisions

during our nation's economic recovery. Particularly now, small businesses need certainty to allow them to plan for the future as well as flexibility in providing health insurance to their employees.

SBCAH supports H.R. 1744, The American Job Protection Act, which will provide employers desperately needed certainty by repealing the employer mandate. The mandate – although not effective until 2014 – is already stifling job creation and economic growth and is counter-productive to the goal of expanding access to affordable health insurance for small businesses.

Again, SBCAH appreciates the Ways and Means Subcommittee on Health looking into the effect of individual and employer healthcare mandates on America's job creators. We look forward to working with you on these issues in the future.

Sincerely,

American Bakers Association

American Council of Engineering Companies

American Farm Bureau Federation ®

American Foundry Society

American Rental Association

American Supply Association

Associated Builders and Contractors, Inc.

Automotive Aftermarket Industry Association

Bowling Proprietors' Association of America

Electronic Security Association

International Franchise Association

National Association for the Self-Employed

National Association of Home Builders

National Association of Manufacturers

National Association of Wholesaler-Distributors

National Club Association

National Federation of Independent Business

National Restaurant Association

National Retail Federation

National Roofing Contractors Association

North American Die Casting Association

NPES The Association for Suppliers of Printing, Publishing and Converting Technologies

The Professional Golfers Association of America

Service Station Dealers of America and Allied Trades

Small Business and Entrepreneurship Council

Specialty Equipment Market Association

Tire Industry Association

U.S. Chamber of Commerce

Western Growers Association