



March 14, 2017

The Honorable Diane Black
Chairwoman
United States House of Representatives
207 Cannon House Office Building
Washington, D.C. 20515

The Honorable John Yarmuth
Ranking Member
United States House of Representatives
134 Cannon House Office Building
Washington, D.C. 20515

Dear Chairwoman Black and Ranking Member Yarmuth:

On behalf of the members of the National Restaurant Association, we write to you in support of the recently introduced legislation entitled the American Health Care Act. This legislation is the first step to reforming the employer mandate and lessening the burden employers have faced in complying with the Affordable Care Act (ACA).

Restaurants employ nearly ten percent of the nation's workforce, or approximately 14.7 million Americans. With one million locations across the country, the \$798.7 billion in sales from the restaurant industry makes up four percent of the US GDP. Restaurant jobs provide opportunities for promotion. Nine of ten salaried restaurant employees started in hourly positions. The typical hourly restaurant employee who starts out at an entry-level wage receives a pay raise after six months. Restaurants are a training ground for the American workforce. One-in-three Americans got their first job in the restaurant industry, and one-half of all Americans have worked in the restaurant industry at some point in their lives.

The National Restaurant Association is the leading voice for American restaurateurs on common sense reforms to the current health care law. Restaurant operators who can provide health insurance benefits to their employees often find these benefits to be critical tools in recruiting and retaining employees. However, since the enactment of the ACA and the law's employer mandate, restaurants have spent hundreds of additional administrative hours managing and delivering these benefits. The added time, money and resources have not improved the quality of health insurance restaurants offer their employees. Alarming, the ACA requirements have often discouraged restaurants from expanding and limited the degree to which they can hire additional employees.

Since the enactment of the ACA, employment-based health insurance is becoming a shrinking proportion of restaurant employee health insurance coverage. A record 76 percent of restaurant employees had health insurance coverage in 2015, according to data from the U.S. Census Bureau's American Community Survey (ACS). These numbers are up from 59 percent of restaurant employees in 2010. However, this growth was driven primarily by sources other than employment-based plans, even though the ACA required more restaurant businesses to offer health insurance coverage. In fact, only 59 percent of restaurant employees with health

insurance got their coverage through an employment based plan in 2015 – down sharply from 67 percent in 2010.

Additionally, health insurance costs rose much faster than restaurant sales in recent years. Between 2006 and 2016, the average annual employer contributions to health insurance premiums for family coverage jumped 51 percent, according to the Kaiser/HRET Survey of Employer-Sponsored Health Benefits. During the same 10-year period, average sales per restaurant rose just 33 percent. This indicates that health insurance costs are taking up a larger share of the restaurant dollar. Compliance issues, such as restructuring employee hours and the complicated employee reporting structures, increase the cost of employer-provided health insurance without adding value to the benefits or growing the business. Addressing these issues would help lower administrative costs and expand access so more employers could offer health insurance to employees.

Costly compliance issues, a shrinking risk pool, and higher healthcare costs have made the current structure of ACA untenable for restaurants. We need your help moving forward, so we can get to a place where we can address these critical issues facing all American employers including restaurants. We support passage of the American Health Care Act as a way to move us forward in reforming the employer mandate and encourage members of the committee to support this bill through Congress.

Sincerely,

A handwritten signature in cursive script that reads "Cicely Simpson".

Cicely Simpson
Executive Vice President, Policy & Government
Affairs National Restaurant Association