July 15, 2009

Dear Representative:

As you begin to mark-up the America's Affordable Health Choices Act of 2009 (H.R. 3200), the National Federation of Independent Business (NFIB), urges you to remember that healthcare costs and accessibility remain the number one problem facing small business owners. As the nation's leading small business advocacy organization, NFIB cannot overstate the necessity for solutions tailored to the needs of the small business community.

For NFIB, meaningful reform is rooted in approaches that lower **cost**, increase **coverage** and provide real **competition** for private insurance. Known as the "***3 C's of healthcare reform***, these goals can be achieved by:

- Instituting insurance market reforms that spur competition and choice for private insurance;
- Creating marketplaces that provide greater transparency and efficient approaches for purchasing insurance;
- Providing equity in tax treatment – regardless of how or where insurance is purchased; and
- Improving affordability by eliminating wasteful spending in the overall healthcare system.

NFIB opposes the America's Affordable Health Choices Act of 2009 (H.R. 3200) because it threatens the viability of our nation's job creators, fails to increase access and choice to all small businesses, destroys choice and competition for private insurance and fails to address the core challenge facing small businesses – cost. NFIB remains opposed to:

- **An employer mandate with a punitive payroll tax**: Research shows an employer mandate could cost 1.6 million jobs with more than 1 million of those jobs lost in the small business sector. The approach fails to increase affordability and, instead, devastates the economy – with the greatest impact being levied on the low-income community who will pay through depressed wages and lost jobs.
    - As if the mandate alone isn't destructive enough, the legislation uses perhaps the most egregious penalty of all – a payroll tax – as the penalty for those who can not meet the obligations laid out in the bill. A payroll tax is particularly regressive because employers pay it regardless of whether or not their business is profitable.

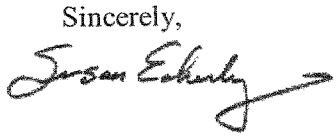
- The legislation even punishes the employers who are currently providing insurance to their employees, but don't meet the premium contribution requirements in the bill (72.5% for individuals and 65% for family plans).

- **An exchange that limits access and choice to all small businesses**: Small employers have long sought a simpler and more efficient way to shop for insurance. Although NFIB believes that an exchange approach can provide a streamlined and simplified way to gain access to affordable coverage, H.R. 3200 fails to provide guaranteed access to the exchange for employers with 21 or more employees. Providing increased access and more choices for some, but not all small business is not reform that small business will support. Within in three years from the date of enactment, the Commissioner must allow the entire fully insured small-group market (2-50 employees, in most states) entry into the exchange.
- **The public plan option**: As advocates for competition and choice, NFIB is deeply concerned that a "public option" would further compromise the viability of private insurance and would restrict choice to a single plan: the government-run plan. NFIB believes that a reformed, private insurance marketplace can provide businesses and employees with more affordable coverage and a sustainable choice of plans.
- **A mandated minimum plan with a big price tag**: Today, among firms of 1 to 199 workers, 86 percent who offer coverage offer only one plan. This leaves their employees with two options: take it or leave it. Small employers and their employees want the ability to choose from a variety of affordable plans. However, H.R. 3200 gives a political board the power to define "coverage" and will determine whether an employer plan is "acceptable." The bill does nothing to insure that the new plans will be less costly than what small employers are paying today.

NFIB supports amendments to: allow the entire fully insured small-group market (2-50 employees, in most states) entry into the exchange within three years from the date of enactment, to completely strike the employer mandate, punitive payroll tax penalty and premium contribution requirements from the bill and, finally, to strike the public option from H.R. 3200.

NFIB stands in strong support of historical reform that improves, rather than worsens the situation for our nation's job creators. Although the America's Affordable Health Choices Act does not fulfill those criteria, NFIB remains committed to working with Congress to develop the reforms that the small business community needs and wants.

Sincerely,



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