

Congress of the United States

U.S. House of Representatives

Committee on Small Business

2361 Rayburn House Office Building

Washington, DC 20515-6315

April 18, 2013

The Honorable Kathleen Sebelius
Secretary
United States Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, DC 20201
Via Facsimile: 202.690.6786

Dear Secretary Sebelius:

The Committee on Small Business held a hearing yesterday on the implementation of the health care law and its effect on small businesses. The Committee heard testimony from witnesses including Douglas Holtz-Eakin, Ph.D., President, American Action Forum, Washington, DC; William J. Gouldin, Jr., President, Strange's Florists, Greenhouses and Garden Centers, Richmond, VA, testifying on behalf of the National Federation of Independent Business; Louisa McQueeney, General Manager and CFO, Palm Beach Groves, Lantana, FL, testifying on behalf of Main Street Alliance; and Kevin Tindall, Owner, Tindall & Ranson Plumbing & Heating, Princeton, NJ; testifying on behalf of the Plumbing, Heating, Cooling Contractors – National Association.

Dr. Holtz-Eakin addressed the economic impact of the law on small firms, saying it imposes costly regulatory burdens; creates further regulatory uncertainty at a time when we need small businesses to hire; its taxes and fees create disincentives for entrepreneurs to expand; and it raises the cost of providing insurance while at the same time penalizing those who fail to do so.

Mr. Gouldin, who employs 100-150 people during his firm's high season, currently offers his full-time employees who work 37½ hours per week health coverage, and pays 100% of the self-only premiums, although he currently not required to do so. However, he does not believe he can afford to do so once the employer mandate is effective, because premiums have continued to escalate, and under the law "full-time" has been defined as 30 hours per week.

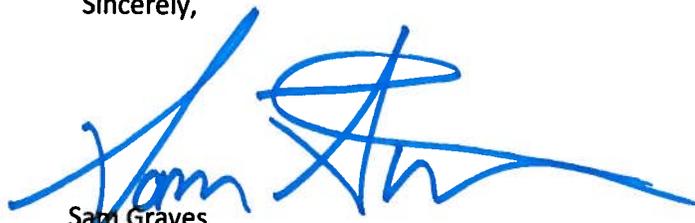
Mr. Tindall currently has 20 employees (down from 30 because of the poor economy); all full-time. He offers insurance and pays 100% of the premiums for all of them, even though he, too, is not required to do so. He believes the law's employer mandate, taxes and fees penalize employers like him who have voluntarily offered insurance, because he will be burdened with new costs, recordkeeping, reporting, and notification requirements under the law.

Mr. Gouldin and Mr. Tindall expressed the view that small business owners are trying to comply with the law. However, despite viewing webinars, reading educational materials and consulting with trade associations, many do not know what is expected of them. Mr. Gouldin believes 97% of small business owners have not thought at all about compliance.

All witnesses expressed concern about the use of 30 hours as the definition of a full-time work week.

As you continue implementation of the health care law, we ask that you be mindful of the impact of policy alternatives on small business owners and our overall economy. Our entrepreneurs, already struggling in a difficult economy and trying to create jobs, do not deserve additional burdens.

Sincerely,



Sam Graves
Chairman