



**Testimony of Mr. Matt Tynan**  
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Investigations, Oversight and Regulations**  
The Health Care Reform Law: Its Present and Future Impact on Small Businesses and  
Job Creation

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Thank you Chairman Coffman for holding this important hearing. Again, I am Matt Tynan, Secretary and Treasurer of Tynan's VW and Tynan's Nissan in Aurora, CO and Fort Collins Nissan Kia in Fort Collins, Colorado. I am here testifying on behalf of the nation's 16,000 franchised automobile dealerships and the almost one million people they employ who are represented by the National Automobile Dealers Association.

In 1963, my father, Edward T. Tynan, began Tynan's as a family business and we are very proud to still be a family business. While we have remained in business for nearly 50 years, the last ten or so have been extremely challenging. As reported by the Colorado Auto Dealers Association, new car sales in Colorado reached 208,000 units in the year 2000. In 2009 new car sales in the state of Colorado had dropped to 104,000 units. Obviously this 50% reduction in new car sales negatively impacted our business and nearly every other new car dealer in the state. Over that same period of time, sales at our Volkswagen dealership – a dealership that has been operating since 1968 – went from approximately 100 units a month to 30 units per month.

Over these years we took steps to reduce our expenses by eliminating certain positions, changing pay plans and reducing benefits. Our most expensive line item is our people – our people are our most valuable asset.

The people we employ are some of the best and the brightest in the industry. The calculation is simple: the greater their success; the greater success for our dealership.

We make a real investment in our employees. We have to. To avoid regulatory entanglement, our sales and finance operations staff must be kept up to date on changes in the law, both at the state and federal level. But it doesn't stop at the front office. With the complexity of today's vehicles, servicing vehicles requires strong computer skills. We must invest in our technicians, provide them with the training necessary to fix and maintain today's cars and trucks.

One way we attract and keep our staff is by providing competitive benefits packages—and this includes a rather costly health plan. Healthcare is a very personal issue for all of my employees and for me and my family. I see and talk to virtually every one of my employees each day, so I know how important this is. I am not large corporation. I do not work out of a penthouse office behind a big mahogany desk. I get the same health coverage for my wife and kids as we provide for our employees. These people are part of my family and we want to do right by them. I might add that the same is true of thousands of dealerships across the country.

Our HR people work each year to find the most affordable plans with the best coverage. Each year that becomes increasingly challenging and each year it becomes more difficult to build our business and hire additional staff.

Over the last nine years, our health insurance premiums have remained relatively flat. We accomplished this by increasing deductibles and copays, changing coverages, and aggressively shopping our health insurance plan. We have had to change carriers.

We are not alone. Every small business across Colorado that is trying to do the right thing faces exactly the same burden. In just two years, providing health coverage for the men and women who work for me and their families will be turned on its head, and not for the better. The implementation of the Patient Protection and Affordable Care Act, a centerpiece of this administration's domestic agenda, will drive costs higher, not lower.

Since we employ more than 250 people, we would be required by law to offer our full-time employees health benefits with specified affordability and minimum value requirements. If the coverage does not satisfy these requirements, we pay a fine. Even if one full-time employee went to a new health exchange and purchased a government subsidized health plan, we pay a fine. If we chose not to offer health coverage, we pay a fine.

Instead of trying to do the best by our employees, it will become a simple math calculation. Is the fine less than providing coverage for our people? The same law that mandates we provide this coverage provides a loophole so we don't have to? How does that make sense?

Within a relatively short amount of time, the health care delivery system will be less accessible and far more expensive than today. Supply and demand dictate what we can get for a new or used vehicle. With the economy suffering the past several years, the value of used cars is significantly higher because demand for them is high. The same is true for healthcare. With mandatory coverage, the demand for healthcare will skyrocket. With a limited supply of hospitals, doctors and nurses, the “price” of care will go up and the costs to cover our employees will rise and continue to do so. Eventually healthcare costs will escalate so high, it will be impossible to offer an in-house plan. So our only option will be to pay the fine and have our employees fend for themselves in a state-regulated, government subsidized program.

Many other businesses will do the same calculation and will see the state exchanges as a viable option. As the government program becomes overwhelmed by people forced into the state exchanges, our Federal penalties and our state taxes will have to increase to cover this influx of people.

So how do we fix this problem? The simple solution is a complete repeal of the entire healthcare reform bill, replacing it with an affordable system that preserves consumer choice while not sacrificing quality care. I’m sure that is easier said than done.

Small steps have been made to reduce the burdens of the health-care law. I applaud Congress for successfully repealing the 1099 tax reporting requirement for any expenditure over \$600. That provision alone would have been “death by a thousand papercuts.” It would have cost our staff hours and hours of paperwork. I want to thank Chairman Coffman for his efforts to eliminate this ridiculous burden. It is a good FIRST step, but is far from enough.

Another important step would be to eliminate the so-called employer mandate to require employers to offer plans with certain coverage requirements. The mandate changes the meaning of “full-time” and leaves the unelected bureaucrats to define “minimum health coverage,” leaving small business owners uncertain about their future. I mentioned this earlier in my testimony. Fortunately, the American Job Protection Act, H.R. 1477 would repeal this mandate. Chairman Coffman, I saw that you were an early cosponsor of that legislation and I commend you for doing so. H.R. 1477 removes any requirement that employers with over 50 or so employees provide insurance coverage or pay fines. Repealing this provision is absolutely critical to keeping this program from harming my dealership and small businesses through Colorado.

In closing, I want to thank Chairman Coffman for the opportunity to testify today. Our goal—as every other entrepreneur in Colorado—is to build a thriving, self sustaining business to support my family and the families of the men and women who work for us. I urge you to continue your work to fix the problems associated with the

new health care law and do what you can to implement real, market-driven reforms that increase competition and make health insurance more affordable.