

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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April 11, 2012

The Honorable Wally Herger
Chairman
House Committee on Ways and Means Subcommittee on Health
United States House of Representatives
Washington, DC 20510

Dear Chairman Herger:

The U.S. Chamber of Commerce (“Chamber”) applauds your efforts to highlight the harmful economic impact that the employer mandate is having on our country now two years after the enactment of the Patient Protection and Affordable Care Act, despite the fact that the mandate will not become fully effective for another two years. Your hearing regarding the Individual and Employer Mandates in the Democrats’ Health Care Law on March 29, 2012 importantly showcased the ongoing harm that the mandate is having on business, jobs and the economy. The Chamber continues to support the repeal of the employer mandate and agrees that the employer mandate is discouraging employers from hiring, a fact that our members have verified in survey after survey.

The U.S. Chamber of Commerce is the world’s largest business federation, representing the interests of more than three million businesses and organizations of every size, sector, and region. More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees. For small businesses struggling to remain open, the new health reform law (the Patient Protection and Affordable Care Act as amended by the Health Care and Education Reconciliation Act, collectively referred to as “PPACA”) and its myriad of requirements impose yet another financial challenge. In addition to imposing new mandates, the law is forcing small businesses and individuals to navigate the new legal requirements with fewer resources and fewer choices.

The employer mandate discourages growth, investment and hiring.

The U.S. Chamber of Commerce conducted a survey at the end of March 2012 with very important findings.¹

¹ <http://www.freeenterprise.com/health-care/new-survey-results-show-unpopularity-health-care-law>

- Over 85% of respondents indicated that they do not expect the law to reduce the cost of health care or slow the rate of increase.
- Over 65% of respondents are very concerned that their business will not be able to comply with the law's new mandates.
- Over 84% said that the health care law will hurt their business.

As you mentioned in your opening statement, the Chamber also conducted a small business study two months earlier in January of 2012, which similarly provided daunting responses.²

- Of over 1,300 small business executives surveyed, 74% believe the recent health care law is an impediment to job creation. It simply makes it harder for their business to hire more employees.
- The level of pessimism by employers is frighteningly high, with 85% saying the economy is "on the wrong track." Only one in six employers say they intend to hire new workers next year.

The Chamber couldn't agree with you more as to the detrimental effects that the employer mandate is having on our economy and businesses. Particularly in these difficult economic times, we need to focus on encouraging growth, investment, and job creation. Instead, as employers wait to see how the general statutory provisions contained in the law are interpreted and implemented through the regulatory process, small businesses are doing everything they can to remain below the 50 full-time employee equivalent threshold and remain exempt from the employer mandate. Given that small businesses make up more than 99.7% of all employers (according to the U.S. Small Business Administration), to improve the economy and get more Americans back to work, we must restore confidence in our small businesses.³

Beyond our own recent survey and study, reports from the Congressional Budget Office also forecast dire results. In a report released on March 15, 2012, as many as 20 million Americans could lose their employer-provided coverage because of the health reform law. Additionally, the benefits are expected to be less than previously expected. Compared to a year ago, the law is now anticipated to cover two million fewer people, after factoring in penalties paid by individuals and businesses that don't get or provide healthcare coverage. Under the CBO's most optimistic estimate, 11 million mostly lower wage workers would lose their employer coverage. About three million would choose to drop their coverage to go into the new subsidized health exchanges or be enrolled in Medicaid, while another nine million would gain employer-sponsored coverage, for a net total of five million people losing employer coverage in 2019.⁴

² <http://www.uschamberssmallbusinessnation.com/community/quarterly-survey-2>

³ <http://web.sba.gov/faqs/faqIndexAll.cfm?areaid=24>

⁴ http://cbo.gov/sites/default/files/cbofiles/attachments/03-15-ACA_and_Insurance_2.pdf

The U.S. Chamber of Commerce appreciates this opportunity to submit a statement for the record on such an important issue. We look forward to working with you to repeal the employer mandate and pass meaningful health reforms that truly build on the employer sponsored system rather than undermine it.

Sincerely,

A handwritten signature in black ink, appearing to read "Randel Johnson", with a stylized flourish at the end.

Randel Johnson

CC: Members of the Committee on Ways and Means Subcommittee on Health