



February 7, 2010

The Honorable Erik Paulsen
127 Cannon House Office Building
U.S. House of Representatives
Washington, D.C. 20515

Dear Representative Paulsen:

On behalf of the National Small Business Association (NSBA), I am writing in support of the *Patient's Freedom to Choose Act*, which would repeal two provisions in the *Patient Protection and Affordable Care Act* [PPACA, P.L. 111-148], as amended by the *Health Care and Education Reconciliation Act of 2010* [HCERA, P.L. 111-152].

NSBA is the nation's oldest small-business advocacy group representing employers in every state. As a strictly non-partisan organization, we reach more than 150,000 small businesses representing all sectors and industries of the U.S. economy from retail to trade to technology—our members are as diverse as the economy which they fuel.

NSBA's members have continually voted health care reform among the top one or two priorities for the last decade. In response, NSBA has advocated for a broad reform proposal developed in 2003 that seeks to: achieve universal coverage; focus on individual responsibility and empowerment; create the right market-based incentives; and focus on improving quality while driving out unnecessary, wasteful, and harmful care.

Throughout the deliberations and passage of PPACA, which NSBA ultimately opposed due to its inability to truly address rising health care costs, our membership supported the ability to utilize health savings accounts (HSAs) and flexible spending accounts (FSAs) as tools to make health care more affordable for themselves, their employees, and their families. Unfortunately, PPACA restricts small businesses from using these useful accounts to offset rising health costs by excluding the costs for over-the-counter drugs not prescribed by a doctor from being reimbursed from HSAs or FSAs. Additionally, PPACA limits the amount of contributions to a flexible spending account for medical expenses to \$2,500 per year.

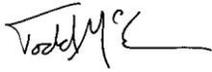
Regardless of the health care reform law, small businesses continue to report dire consequences of rising insurance costs. According to NSBA's 2010 Year-End Economic Report, when asked how the cost of their health insurance had changed since the law passed, 46 percent reported increases of more than 11 percent, among those, 18 percent experienced an increase in excess of 20 percent. To address these costs, small businesses have been forced to increase deductibles, hold off on employee compensation increases,

increase employee's share of the premium, reduce employee benefits, hold off on hiring new employees, or foregoing investing in growth strategies.

NSBA's last health care policy survey showed that 30 percent of small employers offered HSAs or FSAs. Moreover, nearly 56 percent of responding businesses offering HSAs made a company contribution. Considering the recent economic recession and years of rising health care costs, both savings accounts have proven to aide small businesses, their employees, and their families to cope with the unsustainable health costs and general economic uncertainty.

Thus, NSBA enthusiastically supports the *Patient's Freedom to Choose Act*, and we look forward to working with you to achieve its passage.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd O. McCracken", with a horizontal line extending to the right.

Todd O. McCracken
President