



January 26, 2009

The Honorable Max Baucus
Chairman
United States Senate Committee on Finance
219 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510

Dear Senator Baucus:

On behalf of the National Small Business Association (NSBA), the nation's oldest nonpartisan small business advocacy group reaching more than 150,000 small businesses nationwide, I am writing to provide comments in regard to a provision in the pending economic stimulus plan related to the Consolidated Omnibus Budget Reconciliation Act (COBRA).

House and Senate versions of the economic stimulus plan call for subsidies to help extend employer-provided health coverage for those who lose their job. No doubt, the current economic climate has provided significant challenges to employers and employees alike. Clearly, it may be necessary and appropriate to provide assistance to individuals who have lost their jobs because of the current economic woes. However, in an effort to support individuals who have lost their jobs, we must be cognizant not to exacerbate an already unpredictable health care system that could potentially add additional burdens or challenges onto our nation's small business owners.

While NSBA does not dispute the need to help former employees maintain access to health care coverage during these tough economic times, we have concerns that the COBRA provision included in the House of Representatives' economic stimulus plan could potentially have a significant, long-range impact on health care for small businesses. The *American Recovery and Reinvestment Tax Act of 2009* (H.R. 598) would extend COBRA indefinitely to former employees 55 and older and those who have worked for a company for 10 years or more until they find a new job or until they are Medicare eligible.

Several reports have indicated an expansion of COBRA coverage could likely raise health care costs for employers and employees. These reports suggest that people who are more likely to need COBRA coverage elect it and those who do not expect to need health coverage decline it. Thus, small businesses with over 20 employees could be left with COBRA beneficiaries high claims experience.

During these extraordinary times, I urge you to fully consider the ramifications of providing COBRA subsidies for extended periods of time. The current economic and health care crisis demands a pragmatic approach in addressing the needs of individuals who have lost their employer-sponsored health insurance. Any economic stimulus plan should provide motivation and support to businesses and individuals, not additional burdens that could potentially prevent our economy from recovering from our depression.

NSBA believes that COBRA is not the appropriate vehicle to address the long-term needs of the uninsured. Individuals working for employers with less than 20 employees are also facing unprecedented economic and health coverage challenges. It has become clear to NSBA that, to bring meaningful affordability, access, and equity in health care, a complete reform of the health care and health insurance systems is called for. NSBA stands ready to assist Congress in provided high quality, affordable health coverage to all Americans.

Thank you for your efforts to provide an economic stimulus plan that benefits all Americans and for the opportunity to provide comments on the COBRA subsidy provision. Please contact me if you have any questions or if you would like to discuss further.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd O. McCracken". The signature is fluid and cursive, with a prominent "M" and "C".

Todd O. McCracken
President