



February 19, 2010

The President
The White House
Washington, DC 20500

Hon. Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

Sen. Harry Reid
Majority Leader
U.S. Senate
Washington, DC 20510

Hon. John Boehner
Minority Leader
U.S. House of Representatives
Washington, DC 20515

Sen. Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Mr. President, and House and Senate Leaders:

On behalf of the National Small Business Association (NSBA), I am writing to encourage you not to walk away from health care reform; however, small businesses need lawmakers to refocus efforts on comprehensive health care reform towards a policy-wise approach. The scheduled bipartisan, bicameral meeting at the Blair House on February 25 to discuss health reform legislation serves as a perfect opportunity to recalibrate health care reform.

NSBA is the longest-running small-business advocacy organization in the U.S., and has always operated on a staunchly nonpartisan basis. Reaching 150,000 small businesses nationwide, NSBA's members have continually voted health care reform among the top one or two priorities for the last decade, and continue to implore Congress to fix what clearly is a broken system.

To be sure, NSBA has repeatedly advocated for the principles set forth in *Small Business Health Care Reform—A Long-Term Solution for All*. This broad reform proposal developed by NSBA in 2003 seeks to achieve universal coverage, focus on individual responsibility and empowerment, the creation of the right market-based incentives, and a relentless focus on improving quality while driving out unnecessary, wasteful, and harmful care. Attached is NSBA's extended policy proposal on comprehensive health care reform.

NSBA has consistently suggested policy reforms and logged significant concerns with members of congress and the administration since the beginning of health care reform deliberations. All NSBA correspondence is readily available on the NSBA Web site at <http://nsba.biz/healthreform.shtml> and <http://www.healthreformtoday.org/>. NSBA and its members have eagerly stood prepared to participate in the process to ensure that reform is

sensible, meaningful and appropriate with respect to the current economic pressures that state and federal governments are faced with, as well as our nation's small businesses that are fighting to lift our country from economic recession.

Unfortunately, the health care reform process at the end of 2009 and the beginning of 2010 lost its way. No longer were transparent, bipartisan processes that allowed small business input or participation evident as they were in the beginning. Initially, lawmakers seemed interested in forging a bipartisan solution to the problems of our nation's health care system. Stakeholders and policy experts were consulted and the deliberations were open. This changed when political motivations took priority on both sides of the aisle.

The House of Representatives voted on Nov. 7 to pass the *Affordable Health Care for America Act* (H.R. 3962) with little consideration or consultation of the impact of their proposal on small businesses, including the insertion of perverse employer mandates to offer health insurance. The Senate hurried a final vote on Dec. 24 on the *Patient Protection and Affordable Care Act* (H.R. 3590) after making last-minute changes grim for small businesses, including the carve-out of the construction industry from the free-rider provision. Additionally, some of the best ideas shared by economists and health policy experts were sacrificed for political purposes, including the appropriate limitation of the tax exclusion for employer provided health care, as well as tax equity for our nation's self-employed.

January negotiations between the administration and House and Senate Democratic leadership yield further partisan results when a deal was struck with union leaders on the excise tax for high-cost insurance plans, subsequently leaving the brunt of the tax on the backs of our nation's small businesses. More importantly, through this misguided process, the impetus of controlling skyrocketing health care costs was not prioritized. Ultimately, the Massachusetts special election brought the process to a grinding halt.

As you continue your efforts to forge consensus on healthcare reform legislation, NSBA urges you to reexamine the priorities of the House and Senate-passed bills, as well as those being put forth by Republicans. The Congressional Budget Office and actuaries at the Centers for Medicare and Medicaid Services noted both the House and Senate-passed proposals would not bring down health insurance premiums in any meaningful way, absent those who qualify for low-income subsidies. For small business owners, their employees and their families who currently struggle with the cost of health insurance, these reforms suggest that, depending on their insurance market, they will see a negligible cost benefit, but more likely a cost increase.

While the insufficient House and Senate-passed bills is representative of the Democrats vision for reform, there is equal blame for the other side of the aisle. If Republicans seek to be pragmatic and intellectually honest with the mass public and their small business constituents, then the politically motivated rhetoric must be shelved for constructive policies that can pass with bipartisan support.

This is not to say that all Republicans have been short on ideas, or ideologically isolated. Indeed, Senate Budget Committee Ranking Member Judd Gregg (R-N.H.)'s *Coverage, Prevention and Reform (CPR)* proposal offers many bipartisan, common-sense ideas that would go a long way in building a centrist, health care cost-first approach to reform. NSBA agrees with many elements of *CPR*, including its focus on tackling health care cost-containment first; implementing an individual requirement to purchase insurance; Medicare reimbursement reforms; limiting the tax exclusion for employer-provided health care; and focusing on prevention.

The time for outlining broad policy preferences is over. Our elected officials owe the American public prescriptive policy proposals that will allow individuals to weigh their merits. NSBA looks forward to reviewing the administration's proposed package of reforms, as well as any new well-intentioned Republican or Democrat proposal. At the very least, Democrats and Republicans ought to be able to agree on some widely-supported items, such as Medicare reforms that enhance value-based purchasing initiatives, incentivize care coordination, reduce medical errors and avoidable readmissions, and expedite innovative payment methodologies tested in pilots and demonstrations; prompt implementation of health information technology and electronic medical records; robust comparative effectiveness research that identifies best practices and improved efficiencies in the health system; and, addressing medical malpractice.

Marginalizing the politics of reform, while refocusing efforts on the policies that reduce skyrocketing health care cost, should be the priority going forward from Thursday's summit. Look no further than the Obama administration health policy transition team for the original motivation for health care reform. The December 2008 health care community discussions report presented at the March 2009 White House Health Summit reveals that based on 30,603 participant surveys, the top concern for health care was cost (55%).

Meanwhile, there has been no shortage of headlines that underscores the ever-increasing costs of health insurance. In fact, the cost of health care is no longer just a burden on the small-business owner, it is negatively impacting jobs—something the U.S. can hardly afford. According to the NSBA 2009 Year-End Economic Report, one in every five small-business owners had to reduce their workforce in order to deal with rising health insurance costs. Furthermore, no small business is immune to the rising costs—in a survey conducted in October 2009 by NSBA, 92 percent cited expected premium increases of on average 13 percent in 2010. Among those, 20 percent of those are bracing for an increase in excess of 20 percent.

As the administration and Congressional Democrats and Republicans prepare for the upcoming bipartisan summit on health care reform, we hope they recognize that no amount of political posturing will solve the problem. Small businesses need solutions quickly.

We applaud your effort and value the leadership you have exhibited in making health care a priority over the past year, and particularly through the organization of this summit. We are optimistic that our nation's leaders can reach beyond the short-term political gamesmanship to find sensible path forward to reform our nation's health care system with a bipartisan, cost-first focus. If we can assist you in any way to achieve these goals, please do not hesitate to call on our organization.

We look forward to our continued work with you to address comprehensive health care reform, ensuring every American access to affordable, quality health care.

Sincerely,



Todd O. McCracken
President

Cc:

Senator Richard Durbin, D-IL, *Majority Whip*

Senator Jon Kyl, R-AZ, *Republican Whip*

Senator Max Baucus, D-MT, *Chairman of the Finance Committee*

Senator Chuck Grassley, R-IA, *Ranking Member of the Finance Committee*

Senator Tom Harkin, D-IA, *Chairman of the Health, Education, Labor and Pensions Committee*

Senator Mike Enzi, R-WY, *Ranking Member of the Health, Education, Labor and Pensions Committee*

Senator Christopher Dodd, D-CT, *Member of the Health, Education, Labor and Pensions Committee*

Representative Steny Hoyer, D-MD, *Majority Leader*

Representative James Clyburn, D-SC, *Majority Whip*

Representative Eric Cantor, R-VA, *Republican Whip*

Representative Charles Rangel, D-NY, *Chairman of the Ways and Means Committee*

Representative Dave Camp, R-MI, *Ranking Member of the Ways and Means Committee*

Representative Henry Waxman, D-CA, *Chairman of the Energy and Commerce Committee*

Representative Joe Barton, R-TX, *Ranking Member of the Energy and Commerce Committee*

Representative George Miller, D-CA, *Chairman of the Education and Labor Committee*

Representative John Kline, R-MN, *Ranking Member of the Education and Labor Committee*

Representative John Dingell, D-MI, *Chair Emeritus of the Energy and Commerce Committee*

Secretary Kathleen Sebelius, Department of Health and Human Resources
Mrs. Nancy-Ann DeParle, Esq., Director, White House Office of Health Reform