



Paula Calimafde  
(301) 951-9325  
calimafd@paleyrothman.com

Dear Representative:

The Small Business Council of America urges you to vote against the Senate health care reform bill. The SBCA believes the details of this legislation will not only harm small businesses and their ability to provide health care to their employees, but could lead to the ultimate demise of this country's private health care system. As discussed below, the SBCA supports health care reform, but not as proposed in the House and Senate bills.

We are opposed to new government mandates on individuals, employers and states, increased federal spending, and the establishment of another entitlement at a time when we cannot properly fund existing entitlement programs. If health care is not funded properly through Medicare then the end result will be greater rationing of our health care system and fewer, more costly options for Medicare recipients. We are concerned that the quality and availability of health care will go down and Medicare patients will be hurt in the long run.

Due to the current lack of proper funding of Medicare, the lack of their bargaining power, and lack of large risk pools, small businesses, states (for Medicaid) and individuals already indirectly pay for the lion's share of the shortfall by paying higher premiums. In fact, many small businesses can only offer so-called "Cadillac" plans because of the exorbitant premiums charged to small businesses. The excise tax on such "Cadillac" plans includes the costs of other benefits, such as flexible spending accounts, dental and vision coverage. The new government mandate that small businesses now have to capture the costs of all the benefits in order to comply with the excise tax, makes it that much more likely they will decide to simply stop offering such benefits.

We fear that the proclamation that "people can keep the insurance they currently have" will become a falsehood, simply because it is not up to the individual to decide what insurance they have, but their employer. The bill House Members are being asked to support, along with a "fixer" bill, will take that option away from millions of Americans.

The currently proposed House and Senate legislation will exacerbate the costs shifted to and paid by small business, the bulk of whose employees are below Medicare age and not eligible for Medicaid. Many physicians will not see Medicaid patients because the reimbursement is so low. Yet the Senate bill would add another 18 million people to Medicaid. Who will treat them? Who will pay for their treatment? We are concerned that the expansion of

coverage and reduction of funding will mean even more cost shifting to small business by private insurance, driving up their health care costs even more.

SBCA is very supportive of the need to transform our health care system and believes there are currently several well-vetted proposals that could be put together which would “fix” the small business problem without subjecting small businesses to increased taxes and new mandates. Senators Kerry, Lincoln, Durbin, Snowe and Lieberman (among others) have all come up with detailed health care proposals that would create larger risk pools (essential for small business insurance coverage), deal with the pre-existing condition problem, ensure portability, establish some mechanism to take care of catastrophic health care cases and provide for the deductibility of health care premiums for all small businesses and individuals. Tax credits could be provided to small employers who cover their employees, rather than hitting them with higher taxes and new mandates as the proposed law would do.

**We urge you to consider the detrimental impact this bill will have on your small business constituents, their employees and their families and vote against it. We believe it is important to slow down this entire process, subject it to debate and allow the public to have several weeks to carefully examine the final health care reform bill. Please feel free to contact us if you have questions or concerns.**

Sincerely,

Paula Calimafde  
Chair, SBCA

Ron Waldheger  
VP- Healthcare Legislation, SBCA

Peter Shanley  
CEO, SBCA