

March 15, 2010

President Barack Obama
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Dear Mr. President:

Employers play a vital role in ensuring that millions of Americans are able to secure quality, affordable health care coverage. Our organizations represent companies large and small which hire, train and employ individuals in every state and nearly every segment of the economy. As you work with Congressional leaders to craft a new comprehensive health care reform bill, we urge you to take into account the needs of business that rely upon part-time, temporary and seasonal workforces. Some of these proposals are already worked into the draft outline you have released and we are grateful. However, additional issues must also be considered.

Part-Time Employees

Many employers proudly offer part-time employees health insurance benefits and want to continue doing so after passage of comprehensive health care reform legislation. However, by penalizing businesses that do not offer health benefits to part-time employees—even on a pro-rata basis—many companies will face difficult choices between hiring new workers, decreasing the benefits available to full-time employees or increasing prices.

If employers in high-turnover industries are required to offer coverage to part-time employees working fewer than 30 hours per week, company health care costs will increase by as much as 50 percent. Cost increases such as these are simply unsustainable. Congress must not take steps, no matter how well intentioned, that discourage job growth and creation in this current economy.

Further, part-time employees commonly have alternative access to insurance through another employer, a spouse or partner, students on their university or parents' health plans or Medicare. For privacy reasons, employers will presumably have no way of knowing whether a part-time employee has secured coverage through another avenue, which could lead to a significant increase in expensive and unnecessary double coverage as well as unfair penalties upon employers.

Including part-time workers in any health care mandate will overburden employers by adding costly administrative obligations in already difficult times. For these reasons, we urge you to maintain a true part-time exclusion.

Waiting Periods before Auto Enrollment

In industries with flexible work environments, employers commonly experience more than 100 percent staff turnover annually. As much as 50 percent of that turnover occurs in the first 90 days of employment. Given that dynamic, a waiting period is a vital piece of any employer

responsibility requirement in order to ensure that employers can offer the highest quality benefits at the most affordable price to full-time employees who have demonstrated a commitment to remaining with the company.

We are grateful that your draft outline for reform includes a 90-day waiting period. Without a penalty-free 90-day waiting period before full-time employees must be offered enrollment in an employer's health insurance plan, the resources spent to cover employees who have no intention of staying with the company for an extended period of time will drastically increase the cost of benefits available to those who do stay.

Further, allowing for a 90-day waiting period would also reduce the costly revolving door effect that many exchange-based plans are likely to experience as millions of temporary and seasonal workers leave their exchange-based plans for several weeks each year to take up temporary jobs for extra income or company discounts, not for health benefits.

In sum, a 90-day waiting period is vital to ensuring quality, affordable employer-sponsored benefits for millions of Americans and we applaud your recognition of this fact.

Seasonal Employees

The Senate-passed Patient Protection and Affordable Care Act defines full-time employment as an average at least 30 hours of service per week in a one-month period. However, very few employers hire seasonal workers for one-month periods of time and those employees who are hired often work fluctuating numbers of hours each week.

For industries that hire a tremendous number of workers during peak seasons, it is essential that the definition of full-time employment be clarified as 390 hours of service in a quarter (30 hours per week for approximately 90 days). This clarification will ensure that employees keep the plans that they have and like instead of ping-ponging back and forth between employer-sponsored coverage and the new health insurance exchange as their weekly schedules and employment status fluctuate.

We appreciate the opportunity to provide you with these comments and urge you to incorporate them into your final comprehensive health care reform proposal. Should you need additional information in the meantime, please do not hesitate to make any one of us aware.

Sincerely,

American Benefits Council
American Hotel & Lodging Association
Food Marketing Institute
Franchise Management Advisory Council
HR Policy Association
International Association of Amusement
Parks and Attractions
International Franchise Association

National Association of Convenience Stores
National Association of Health Underwriters
National Council of Chain Restaurants
National Club Association
National Restaurant Association
National Retail Federation
Pacific Maritime Association
Retail Industry Leaders Association