

September 30, 2009

Dear Members of the United States Senate:

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, who hire, train and employ individuals in every state and nearly every segment of the economy. We favor comprehensive health care reform and are committed to working with you and your colleagues to find a fair, balanced and common sense approach to reform.

Of all the employer responsibility proposals under consideration, the Senate Finance Committee's "free-rider" proposal may be the least onerous; however, it will potentially have the largest impact on the service sector due to the significant number of entry-level, seasonal and subsidy-eligible workers we hire. In industries with flexible work environments such as retail, restaurants, and hotels, employers commonly experience 100-300% staff turnover annually. Given that dynamic, a waiting or grace 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.

Without a 90-day grace period, 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. Additionally, if auto-enrollment of employees is required, it should not apply until after 90 days for new hires, unless an employer opts to apply a shorter waiting period.

Allowing a 90-day grace period would also allow employers a similar grace period to that of the individual mandate in the Senate Finance proposal. In the Finance mark, individuals would not be assessed an excise tax if they fail to maintain health insurance for a period of less than or equal to 3 months in the tax year. Further, allowing for a 90-day grace period would also reduce the costly revolving door effect that many exchange-based plans are likely to experience as millions of 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 grace period is vital to ensuring quality, affordable employer-sponsored benefits for millions of Americans working in service sector jobs. We hope you will take into account the flexibility offered in our industries, and we want to work with you to include a waiting period provision in any employer responsibility provision included in the final health reform bill. Please contact any one of our organizations should you have additional comments or questions.

Sincerely,

7-Eleven
American Benefits Council
Associate Food Stores
American Hotel & Lodging Association
Association of KFC Franchisees
Best Buy Co., Inc.
Brinker International, Inc.
Coalition of Franchisee Associations
Costco Wholesale Corporation
Darden Restaurants, Inc.
El Pollo Loco, Inc.
Food Marketing Institute
H-E-B
Hooters of America, Inc.
International Franchise Association

International Pizza Hut Franchise Holder's Association
Lowe's Companies, Inc.
National Association of Convenience Stores
National Association of Health Underwriters
National Franchisee Association
National Restaurant Association
National Retail Federation
National Council of Chain Restaurants
New Jersey Food Council
Publix Super Markets, Inc.
Regis Corporation
Retail Industry Leaders Association
Tropical Smoothie Franchise Development Corporation
U.S. Chamber of Commerce
Yum! Brands, Inc.