



09-158 HRP

CONTACT:

LAURA NARVAIZ (202) 637-3104

## **NAM SAYS CONGRESS IS TAKING HEALTH CARE REFORM IN THE WRONG DIRECTION**

*NAM opposes Majority Leader Reid's bill; burden is too great for manufacturers*

WASHINGTON, D.C., Nov. 19, 2009 – In response to the release of Senate Majority Leader Reid's (D-NV) Patient Protection and Affordable Care Act, the National Association of Manufacturers (NAM) President John Engler issued the following statement in opposition to the bill:

Manufacturers entered into the health care debate supportive of the need for health care reform that lowers costs, but that is not the direction Congress is going. Ninety-seven percent of NAM members voluntarily provide health benefits to their employees, and have expressed a desire to continue to do so. Unfortunately, the Senate bill released by Majority Leader Reid and the bill passed by the House of Representatives add massive additional financial burdens to businesses that are already struggling in this recession.

We are disappointed that the Majority Leader chose to add an additional surtax on small businesses. Placing a new surtax on wage income in excess of \$200,000 for individuals and \$250,000 for couples is being discussed as an increase in the Medicare payroll tax, but it is merely a surtax on earned income that will have a significant negative impact on small manufacturers.

Nearly 70 percent of all manufacturers are organized as "S" corporations or other flow-through entities and pay income taxes at the individual rate. The creation of a new surtax is very troubling for these business owners.

The NAM also opposes an excise tax on health insurance plans as it will add costs to manufacturers and employees. We believe that companies with older workforces and smaller self-insured plans will be hit especially hard by an excise tax due to the higher cost of their benefits. We also oppose discriminatory tax proposals that single out specific industries to pay for health care reform. Further, the Medicaid provisions included in the bill will mean that states will be forced to make drastic budget cuts or increase taxes on businesses and individuals.

The new limitations on flexible spending accounts (FSAs) are also very troubling, but more concerning is the fact that they are not indexed to inflation, meaning that over time, these valuable savings tools will ultimately become unusable for employees and

employers. At a time when we're working to increase consumer options, we believe that Congress should be encouraging flexible design benefits such as FSAs, not doing away with them.

We remain supportive of expanding access to Americans if it lowers costs but a subsidized taxpayer public option plan is not the answer. A public option will either force private competitors to lower costs by cutting coverage or will drive them out of the marketplace completely. This will lead to a cost shift, which will mean manufacturers who continue to offer private insurance will face higher premiums.

Reform should focus on reducing costs, improving access and preserving what is working in the current system. When our economy is still struggling deeply and unemployment is at a record high, it is not the right time to put more burdens on America's job creators. The NAM opposes the Majority Leader's bill and urges Senators to do the same as it raises costs and ultimately will destroy jobs.

We will continue to work with Congress to achieve reform that lowers costs and improves care but does not put undue burdens on those who keep our country growing and competitive in a global marketplace.

**-NAM-**

*The National Association of Manufacturers is the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector and in all 50 states. Headquartered in Washington, D.C., the NAM has 11 additional offices across the country. Visit the NAM's web site at [www.nam.org](http://www.nam.org) for more information about manufacturing and the economy.*

1331 Pennsylvania Ave., NW, Suite 600 • Washington, DC 20004 • (202) 637-3000