



Franchising[™]
Building local businesses,
one opportunity at a time.

September 25, 2009

The Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

I write today to share the views and concerns of the International Franchise Association (IFA) on "America's Healthy Future Act", legislation currently being crafted by the Senate Finance Committee. The IFA is strongly committed to supporting efforts to reform our nation's health care system so that employers and their employees have access to affordable health insurance coverage. We are pleased to see that this legislation takes an important step toward this goal and the IFA encourages the committee in its work to improve certain aspects of the bill.

As the largest and oldest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 85 industries, including more than 11,000 franchisee, 1,200 franchisor and 600 supplier members nationwide. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output.

The IFA's number one priority is ensuring health insurance is more affordable for franchised businesses to offer to their employees. Many small franchised businesses hope that reform efforts will lead to their ability to afford health insurance benefits for the first time. There is no doubt that the status quo is untenable and makes health insurance unreachable for many small employers and their employees.

We support provisions in the "America's Healthy Future Act" that create exchanges where small business can go to compare and purchase insurance plans. We are further encouraged by provisions to allow multiple states to offer insurance plans at a regional level and would urge the committee to expand these provisions to allow for national pooling of small business to purchase insurance plans from any state. Furthermore, we are greatly encouraged that the proposed legislation does not establish a government-run public insurance option and hope that the Committee can continue to find ways to increase consumer choices without government intervention.

However, the IFA believes several amendments that may be offered will harm the ability of many small franchised businesses to purchase coverage for their employees. We urge you to oppose any amendment that creates a federal requirement for employers to provide health coverage or pay new taxes or fees to fund a government-run public insurance option. We also have concerns related to the "free rider" provisions in the proposed legislation that would require small employers to reimburse the government for tax subsidies used by certain employees. Every employer has limited resources to provide compensation and benefits for its employees.

A federal mandate to provide health insurance—either “pay-or-play” or “free rider”—would stretch the limited pool of resources past its breaking point. In order to comply, franchised businesses would have to scale back wages, reduce hiring and raise prices for services. Additionally, we oppose provisions that would allow individual states to enact separate health care reforms or to apply for waivers from federal laws such as ERISA. These provisions will work negatively to increase the cost of insurance for small businesses and individuals. The existing myriad of state insurance requirements has already proven to counteract the efforts of many franchise systems to band together to purchase insurance coverage for their employees. We would encourage the committee to work instead toward reducing the regulatory burden on small employers and health insurance providers.

We hope to assist the Committee on Finance in developing the best possible legislation that takes into consideration the needs of all stakeholders. Please do not hesitate to contact me should you have any questions or concerns. Thank you for your consideration and we look forward to working with you on health reform.

Sincerely,

A handwritten signature in black ink, appearing to read "David French". The signature is stylized and cursive.

David French
Vice President, Government Relations

cc: Members of the Senate Finance Committee