



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

June 16, 2009

The Honorable Edward Kennedy
Chairman
Committee on Health, Education, Labor & Pensions
United States Senate
Washington, DC 20510

The Honorable Michael Enzi
Ranking Member
Committee on Health, Education, Labor & Pensions
United States Senate
Washington, DC 20510

Dear Chairman Kennedy and Ranking Member Enzi:

I write today to share the views and concerns of the International Franchise Association (IFA) as the Committee prepares to mark up proposed legislation to reform our nation's health care system. The IFA has strong concerns with some aspects of the draft, Affordable Health Choices Act of 2009 that we want to bring to your attention.

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 franchised business community continues to support comprehensive health care reform efforts this year. 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.

While franchised business leaders await reform, they continue to struggle with an economy in recession and cost pressures that produce narrow margins for profitability. Therefore, the IFA strongly urges you to reject any proposal that creates a requirement to provide health coverage or pay new taxes to fund a public or government-run health plan in lieu of coverage. Every employer has limited resources to provide compensation and benefits for its employees. A federal mandate to provide health insurance—either so-called "pay-or-play" or benchmarking to a percentage of payroll or revenue—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.

The IFA supports efforts to reduce costs and improve the quality of health care. We support measures to promote health information technology and wellness and prevention programs. Comprehensive health care reform must include effective strategies to control costs. Many times complex and varying state mandates for health benefits leads to unaffordable options. Therefore, the IFA encourages lawmakers to allow small businesses join together through associations, risk pools or as a franchise system to purchase health insurance.

We hope to assist the HELP Committee 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 that reads "David French". The signature is stylized and cursive.

David French
Vice President, Government Relations