



Jay Timmons
Executive Vice President

December 19, 2009

U.S. Senate
Washington, DC 20510

Dear Senators:

The National Association of Manufacturers (NAM), the nation's largest industrial trade association representing small and large manufacturers in every industrial sector and in all 50 states, urges you to oppose the Patient Protection and Affordable Care Act.

The vast majority of American manufacturers, including 97 percent of NAM member companies, voluntarily offer health benefits not only to attract a skilled workforce, but because we believe it is the right thing to do for our employees. Our members support proposals that reduce soaring health costs, improve the efficiency of the current system and enhance the quality of care. Conversely, we oppose proposals that make it more expensive or more difficult for employers to offer health benefits.

We regret that the bill does not include key NAM-supported policies that would lower health care costs – particularly in the areas of legal liability reform, enhancing competition by allowing employers to purchase insurance across state lines, and robust delivery reform. Moreover, we oppose provisions that would increase manufacturers' health care costs, including:

- **Excise Tax on Health Insurance Plans.** The 40 percent excise tax imposed on employer health insurance plans is overly complex and will impact many companies, especially those with older workforces and/or smaller self-insured plans. Unless the threshold is raised and indexed to medical costs, a rapidly increasing number of employers may be unintentionally captured by the new tax.
- **Surtax on Job Creators.** The NAM adamantly opposes the bill's surtax on taxpayers with wage income in excess of \$250,000 (married filing jointly) and \$200,000 (single). Some 70 percent of U.S. manufacturers file taxes at the individual rate and fall into the higher tax bracket. Adding a surtax onto the individual rates that are already expected to rise, while at the same time limiting deductions and exemptions, is troubling for these business owners. Moreover, the tax is not indexed to inflation, which results in more and more companies falling into the tax over time.
- **Flexible Spending Account (FSA) Limits.** We oppose the limitations on FSAs – both the statutory limit and the definition of qualified medical expenses because they limit design flexibility options for manufacturers. Furthermore, the FSA limits are not indexed to inflation, meaning these savings tools will become obsolete over time.
- **New Industry-Specific Fees.** The NAM opposes discriminatory tax proposals that single out specific industries to pay for health care reform, including U.S. medical device manufacturers, pharmaceutical companies and health insurers.

Manufacturing Makes America Strong

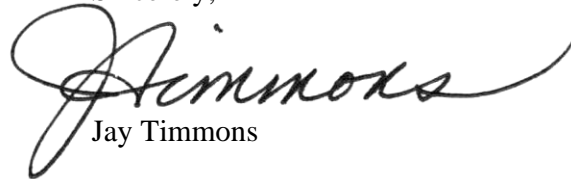
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- **New Reporting Requirements.** The new requirement that companies file a form 1099 form for all purchases over \$600 is extremely onerous – especially for small and medium-sized manufacturers.

When our economy is still struggling and unemployment is far too high, it is not the right time to put more burdens on America's job creators. The NAM opposes the Patient Protection and Affordable Care Act and urges you to do the same as it raises costs and ultimately will destroy jobs. While we oppose this legislation, we will continue to work 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.

The NAM's Key Vote Advisory Committee has indicated that votes on the Patient Protection and Affordable Care Act, including potential procedural motions, may be considered for designation as Key Manufacturing Votes in the 111th Congress. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Timmons". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Jay Timmons

JT/tl