



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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November 5, 2009

United States House of Representatives
Washington, DC 20515

Dear Representative:

On behalf of the 1.2 million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR) and more than 1400 local REALTOR® associations, I want to share NAR's thoughts on HR 3962, the Affordable Health Care for America Act. As self-employed, independent contractors¹ forced to purchase insurance in today's dysfunctional individual insurance markets, Realtors® personally understand the great need for reform. With more than 28 percent of our membership currently uninsured and many others underinsured, our members have a large stake in seeing reform done right.

NAR believes that the insurance reforms included in the House bill will help our members find the affordable coverage they now lack. Many of these reforms are components of HR 2360, the Small Business Health Options Program Act of 2009 (SHOP), introduced by Representatives Ron Kind (D-WI) and Jim Gerlach (R-PA). In particular, NAR strongly supports creation of a single national Exchange, merger of individual and small group markets, proposed underwriting and rating reforms, and individual and small business tax credits included in the bill.²

Despite NAR's support for these reforms, three significant issues are overlooked by the House bill. We strongly believe they must be addressed.

Tax Equity for Self-Employed Workers. NAR strongly urges you to rectify the inequitable tax treatment of health insurance premiums that currently penalizes the self-employed by including HR 1470 (Kind, D-WI; Herger, R-CA), the Equity for Our Nation's Self-Employed Act, in the House bill. Currently, when an employer pays any portion of an employee's health insurance premiums, neither the employer nor the employee pay any payroll tax on that payment. The self-employed person does not receive this same treatment. HR 1470 corrects this inequity.

Nonprofit Employers and the Small Employer Credit. Any final bill must provide all nonprofit employers with access to affordability credits available to for-profit small employers. As drafted, the House bill does not provide nonprofit employers with access to the affordability credits despite the fact that the cost of providing employee coverage doesn't depend upon an entity's taxable status.

National Insurance Products. We urge the House to include language approved in the Senate Finance Committee's health bill that would allow insurers to offer a uniform national insurance product across state lines subject to certain safeguards

¹ Internal Revenue Code Section 3508 provides criteria that, if satisfied, assure the agent's treatment as an independent contractor.

² We strongly urge you to create a single national Exchange. Multiple Exchanges will create unnecessary administrative costs and consumer confusion.



In addition, we urge the House to further modify a number of provisions included in the bill that remain a concern for our members. These include:

Individual Mandate. The self-employed are a significant portion of the uninsured today and the individual mandate will fall most heavily upon them. Consequently, our members are overwhelmingly concerned with the new mandate. We urge you to include changes to address affordability, i.e. phased-in individual mandate penalties, reduced income thresholds for exceptions, and improved tax credit provisions.

Employer Mandate. NAR opposes the employer mandate provisions in HR 3962. The mandate as structured fails to recognize that requiring employers to provide coverage, without ensuring affordable coverage is available, places employers in an untenable situation. Imposing large penalties on those firms unable to find acceptable coverage will have a detrimental impact on a component of the business community responsible for significant portions of current job growth.³

Coordination of Reforms and Mandates. The implementation date for any individual and employer mandate must be more closely coordinated with the timelines for market reforms. Penalizing individuals and employers before reforms have been implemented will impose financial burdens of those who have already found it impossible to afford coverage in today's unreformed markets.

Small Employer Credit. The small employer tax credits must be available to employers for more than two or three years. Reductions in premium costs may take years to achieve. Likewise, profitability can also take much longer for a new business to achieve in many industries and markets.

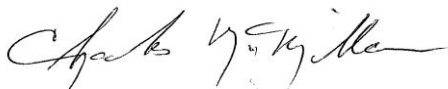
Fragmentation of Small Business Insurance Markets. NAR urges you to open the Exchange to firms with 100 or fewer employees from the beginning.⁴ To do otherwise would further fragment small group insurance markets by limiting access to the Exchange to only a subset of small employers.

Benefit Plan Choices. NAR urges you to expand the definition of what constitutes a qualified health benefit plan (QHBP) to include plans with lower actuarial values than are currently proposed in the initial years of implementation to ensure that a range of affordable options are available to all individuals and small employers.

Public Plan Option. A majority of Realtors® are concerned with proposals that would create a new public government health coverage option.⁵ We urge you not to jeopardize all of the good that this bill will do in pursuit of an untested approach for creating competition.

The NATIONAL ASSOCIATION OF REALTORS® thanks the House for addressing the need for major health reform. While we are pleased with many of the market reforms addressed in HR 3962, many outstanding issues of importance to our members remain. We hope that leaders of both parties in the House and Senate can work together to address these issues and bring meaningful health reform to the nation's growing self-employed workforce.

Sincerely,



Charles McMillan, CIPS, GRI
2009 President, National Association of REALTORS®

³ NAR's opposition is a reflection of the low level of support expressed by Realtors® polled on an employer mandate - only 11% of NAR's members who strongly support health reform indicate that they also support an employer mandate. We would note that only one in three registered voters strongly supportive of health reform indicated support for an individual mandate. Source: Hart Research/Public Opinion Strategies National Poll, March 2009

⁴ One hundred employees being the largest firms that any state defines as being eligible for small group participation.

⁵ Among Realtors® who strongly support major health reform, only 25% supported the creation of a public plan.