



NATIONAL ASSOCIATION OF REALTORS®

The Voice For Real Estate®

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December 22, 2009

United States Senate
Washington, DC 20510

Dear Senator:

On behalf of the 1.1 million members of the NATIONAL ASSOCIATION OF REALTORS® (NAR) and more than 1400 local REALTOR® associations, I want to share NAR's thoughts on the Senate health reform bill, HR 3590, the Patient Protection and Affordable Health Act, as amended by the Manager's Amendment. 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 the insurance reforms included in the amended Senate bill will help our members find affordable and sustainable coverage. Many of the reforms included in the measure are based upon components of S. 979, the Small Business Health Options Program Act of 2009 (SHOP), introduced by Senators Dick Durbin (D-IL), Blanche Lincoln (D-AR), and Olympia Snowe (R-ME) and endorsed by NAR. In particular, NAR strongly supports creation of an Exchange, merger of individual and small group markets, establishment of uniform national underwriting and rating rules, as well as creation of both individual and small business tax credits.²

We do appreciate the many significant changes made to the bill by the Manager's Amendment. Realtors® are pleased with the changes made to the small business credit, including increases made to wage limits and making the credit available to nonprofit employers. Given that a majority of Realtors® have strongly objected to earlier proposals to create a "public option", we are also pleased that this provision no longer jeopardizes the meaningful reforms to insurance markets in pursuit of an untested approach for creating competition.⁵

Despite NAR's support for these reforms, there are still significant issues overlooked by the Senate 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 S. 725,

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.

the Equity for Our Nation's Self-Employed Act, introduced by Senators Bingaman (D-NM) and Hatch (R-UT), in the final Senate bill. Senate Amendment #3013, to do just this, has been offered by Senators Lincoln, Landrieu (D-LA), Bayh (D-IN) and Shaheen (D-NH). 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 now enjoyed by all other businesses. The amendment corrects this longstanding inequity and will provide the self-employed with significant tax savings that will allow them to more easily purchase the insurance coverage mandated by the reform bill.

Nonprofit Employers and the Small Employer Credit. We urge you to provide small nonprofit employers with access to the same level of employer credits available to for-profit firms that provide coverage for employees. As amended, the bill provides nonprofit employers with a 35% credit while all other eligible for-profit firms are provided a 50% credit. The cost of providing employee coverage doesn't depend upon an entity's taxable status. All employers, regardless of tax status, should be treated equally.

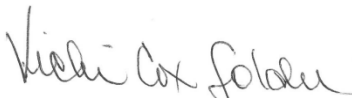
Finally, we urge the Senate to work hard during any negotiations with the House on a final compromise bill to modify a number of provisions included in the bill that remain a concern for our members. These include:

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 reconsider the changes made to the amount of individual mandate penalties.

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

The NATIONAL ASSOCIATION OF REALTORS® thanks the Senate for addressing the need for major health reform. While we are pleased with many of the market reforms addressed in HR 3590, 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,



Vicki Cox Golder, CRB
2010 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