



December 18, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Reid and Minority Leader McConnell:

I write to share the strong opposition of the National Retail Federation (NRF) to H.R. 3590, the "Patient Protection and Affordable Care Act." Please note that **NRF will consider votes on the bill and related procedural motions as Key Retail Votes for our voting scorecard.**

We come to our conclusion reluctantly, having worked with our small and large retail members since 2006 to develop a comprehensive plan for health care reform. We continue to favor comprehensive reform and universal health care coverage, but only if it can be done reasonably and not at the expense of retail jobs in this job-starved economy.

NRF worked diligently with the committees of jurisdiction and numerous Senators from both parties to help develop a consensus approach to reform. Indeed, there are some elements of this bill that demonstrate a bipartisan consensus toward positive health care policy. NRF appreciates the hard work and sustained commitment of lawmakers to this legislation. We also recognize and commend the generally more measured Senate approach, particularly regarding the exclusion of the mandate for part-time and seasonal employees.

Nevertheless, there are many other elements that by far outweigh the most positive elements in the bill, especially: the lack of greater and more immediate cost savings for employer-sponsored coverage; the overall lack of flexibility to manage diverse workforces; the conditional mandate penalties for full-time employees; and higher taxes that will pass through to both employers and consumers. Health care reform, unfortunately, is in danger of becoming the biggest anti-stimulus legislation imaginable.

Liberty Place
325 7th Street NW, Suite 1100
Washington, DC 20004
800.NRF.HOW2 (800.673.4692)
202.783.7971 fax 202.737.2849
www.nrf.com

NRF particularly regrets the more recent lack of transparency to the debate as key provisions and the whole of the underlying bill have yet to be seen by stakeholders who will bear the brunt of its impact. Our concerns are far from allayed by the uncertain promise of what might emerge in a manager's amendment over the weekend or key votes held in the early morning hours of next week. Good health care policy has fallen prey to political expediency and arbitrary deadlines.

NRF adamantly opposes employer mandates of any type, whether pay-or-play, set penalty or "free rider" in nature. There is no good or acceptable way to mandate that employers provide coverage. Employer mandates are fundamentally inconsistent with good health care reform. It is an economic certainty that if labor costs significantly increase, retailers – who operate on razor thin profit margins – will have no choice but to reduce the size of their workforces.

Clearly, employer mandates of any kind amount to a direct tax on jobs and we can think of few steps that would be more dangerous to take in the middle of our present economic difficulty. Our economy needs to grow through job creation, not to have double-digit unemployment numbers further exacerbated.

The National Retail Federation will continue to seek comprehensive health care reform that will help the retail industry to voluntarily provide high quality health coverage to our employees in a more affordable and cost effective manner. Regrettably, NRF strongly opposes H.R. 3590 and will key vote against this bill and related procedural motions. We urge the Senate to go back to the drawing board and remain ready to work with you and other lawmakers toward building bipartisan comprehensive health care reform.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Pfister". The signature is fluid and cursive, with the first name "Steve" written in a larger, more prominent script than the last name "Pfister".

Steve Pfister
Senior Vice President
Government Relations

cc: Members of the United States Senate