



June 19, 2008

The Honorable Nydia Velázquez
Committee on Small Business
U.S. House of Representatives
2361 House Office Building
Washington, D.C. 20515

Dear Chairwoman Velázquez:

On behalf of the National Association for the Self-Employed (NASE) and our 250,000 member businesses, I am pleased to announce our support for the **Small Business CHOICE Act of 2008**. The state of our health care system is critical and continues to detrimentally affect our nations' self-employed. This legislation takes a notable step in addressing health care cost and accessibility issues faced by the micro-business community.

According to a 2008 NASE study, three-quarters of micro-business owners report they have seen the cost of health coverage increase in the past 12 months. The average increase is 14.7 percent. More disturbingly, coverage patterns for employees of micro-businesses have drastically changed. The percentage of micro-business owners who offer a plan that covers all or some of their full-time employees has dropped significantly, from 46.2% in 2005 to only 18.6% in 2008. This indicates that business owners are scaling back on health coverage, forcing employees to go uninsured or purchase health coverage on their own. The primary reason for the decrease of group health coverage through the business is cost. They face the choice of providing coverage or keeping the doors of their business open.

The Small Business CHOICE Act of 2008 will help to address various cost issues faced by micro-business and the self-employed by providing them with a new mechanism to pool together and access excess claims coverage which will assist in stabilizing their health insurance premiums. We are especially supportive of the health care tax credit that is offered to small businesses in your legislation. This tax credit will greatly aid our NASE members in affording health coverage for themselves and their employees.

The NASE believes that micro-businesses have been pillars of innovation, reliability, and fuel much of what is great about America. With more and more self-employed individuals and small business owners becoming uninsured, this important pillar of our nation is at risk. The Small Business CHOICE Act of 2008 would help alleviate this massive financial burden on micro-business.

If you have any questions or comments, please contact Kristie Darien, NASE executive director, via phone at 202-466-2100 or e-mail at kdarien@nase.org. We are looking forward to working with you and your staff to gain passage of this legislation.

Thank you for all your work on these important issues facing our nation and the micro-business community.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Hughes", written over a white background.

Robert Hughes,
NASE President