

OPENING STATEMENT 4-30-13

Good morning. My name is Chuck Horne and I am a resident of Anson County, NC. I am the president of Hornwood, Inc., a family owned textile business that has been in operation since 1946. I am second generation in the business and proud to say I have a son working with me that will be able to carry the business forward for another generation. We are the largest private employer in Anson County with 350 employees which we call partners. Our business has managed to grow and prosper over the last 66 years because of the dedication of our partners. We are proud of our accomplishments, particularly in view of the devastating impact imports have had on the textile industry over the last 12 years.

Our company is self-insured and provides one of the best medical, dental and vision plans in the area. Hornwood pays 80% of the cost and our partners pay the other 20% through weekly premiums. In 2012 the company's expense for health care, above the premiums collected, was in excess of 2.5 million dollars, approximately 5% of our revenue. We have a company nurse that works with our partners to promote a healthy lifestyle in terms of diet and exercise and she also works with them to get preventive services such as colonoscopies and mammograms which are provided at no charge to the partner. We have an on-site exercise facility and provide a free annual health screening in partnership with our local hospital.

We don't do this because we are forced to by any agency, but because it is the right thing to do. The health and well-being of our partners is an important part of controlling our cost and remaining competitive. When the Affordable Care Act was passed, I did not express much concern because I knew we offered a plan that far exceeded the mandates imposed on an employer our size. As time went by, we began to learn that we were going to have pay more, but not for the benefit of our partners. For example, in 2014 we will have to pay \$63 per covered individual to help pay for the adverse selection that will hit the insurance exchanges. The amount we pay will exceed \$32,000. This provision continues through 2016.

Like many private employers, we are a subchapter S corporation and as such the income of the company flows through me which results in an income in excess of \$250,000. As a result of the Affordable Care Act, I will have to pay an additional .9% in Medicare taxes and an additional 3.8% tax on investment income starting this year. This will result in more money being taken from the

company, money that could have been invested in new equipment or training for our partners to help keep us competitive.

One of our frustrations with the Affordable Care Act is the lack of knowledge we and our health care advisors have with the law. Aside from the additional expense, it places an administrative burden on us to try and comply with the provisions. It is difficult to get definitive answers to our questions. Our human resources department has spent countless hours trying to understand the law.

I thank you for your time and your service and will try my best to answer any questions.