

April 22, 2014

Good afternoon-

Thank you for allowing me input on the Affordable Care Act (Obamacare). I am not a professor, statistician or an economist, I am, a small business owner trying to survive. I am "Ground Zero" where the theory of ACA is tested. Where the proverbial- "rubber meets the road". And so far, I only see the ACA as an unfunded mandate on me- where the cost can/will put me out of business. First, let me give you a brief description of my business. I operate Assisted Living Centers for the frail elderly of our state. Unlike "private pay only" facilities, we chose to serve residents who are financially less fortunate, with limited resources and depend on the State/County Special Assistance (SA) Program, along with Medicaid, social security, supplemental security income, to assist with payment of their care. There are some 25,000 publicly assisted residents in our state. And approximately 700 operators such as I doing our best to provide this vital domiciliary service.

I operate two homes and am a limited partner in three others, for a total of five homes. Because each home is separately licensed, owned by separate companies, have different operating agreements, have separate tax ID numbers- file separate tax return and the like, I thought we would be exempt from Obamacare. HOW WRONG I WAS!

By manipulating the definition of a "business" by the folks who drafted this law, all these facilities are now counted as one! All other laws that I am aware of associated with business recognizes them as independent businesses. But not ACA. Hence, I am now considered a large employer by the ACA.

So I have spent the better part of 9 months trying to learn and understand just what I am responsible for. Without much luck. After meeting with three different insurance groups- here is what I know FOR THE MOMENT!

1. Rates/costs for the program. At this stage, no agent can fully advise me the cost of a minimal plan. So I am making business decisions based off paying the penalty of \$2000.00 per employee.
2. Limiting/cutting staff and hours. To the extent I can (more on this later) I am changing my staffing to less than 30 hours per week to limit my exposure. We have dropped from 171 people over 30 hours to 124.
3. Limited ability to cut more staff. Because of the laws I must adhere to remain licensed, I have set staffing pattern requirements for each home. So by law, I cannot furlough staff- or cut positions below a MANDATED THRESHOLD. So cutting positions further is not an option.
4. Financial Impact on me and my business. To either provide insurance or pay the minimum penalty cost of \$2000.00 per employee for 124 people, it will cost me \$248,000.00 PER YEAR FOR THIS UNFUNDED MANDATE!
5. Income to offset this cost? There is no way I can offset this UNFUNDED MANDATE of \$248,000.00 . Why? Unlike other businesses, who can raise prices for their products to pay this (McDonalds can go up \$.50 for their hamburgers for example), I DO NOT HAVE THAT LUXURY. You see- not only does the NC General Assembly set my regulations- they also regulate my compensation for the residents in my care. You control the rules and you control the payments as well.

The compensation you provide through the Special Assistance Program I mentioned has not increased in 7 years! While the other portion of payment from Medicaid has been cut starting 2014. I assure you this alone has created extreme difficulty to survive. As everyone here can attest, costs for groceries, utilities, property insurance, property taxes and the like have gone up quite a bit in 7 years. Now add to that this UNFUNDED MANDATE OF ACA and you can see my predicament to survive.

In conclusion, let me say I do not know if ACA- Obamacare will be changed, modified or otherwise corrected by January 1, 2015. But I do know without the financial help of the NC General Assembly, who controls what I am required to provide in terms of care and services, AND HOW MUCH I AM PAID, I will be out of business. And so will some 700 other homes in this state. I simply do not have access to any resources to pay \$248,000.00 FOR THIS UNFUNDED MANDATE.

369 frail elderly residents from Forsyth, Alamance, Halifax, and Pasquotank counties will be without a home, along with 171 staff without a job and I will be bankrupt- owing millions of dollars to banks that I cannot pay back.

This is the dire reality I face without your help to fund this. I have done all I can do to cut costs.

Perhaps the most ironic part of this is the definition- AFFORDABLE Care Act. I and the hundreds of other assisted living operators in this state who provide a caring home for some 25,000 North Carolina citizens are proof- it is NOT AFFORDABLE!

Thank you for listening and please don't forget us, our residents and staffs when you return to Raleigh in May.

Sincerely,

Guy Pierce
Kernersville NC