

Testimony Before the Industry, Business, and Labor Committee
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My name is Dale A. Preszler. I am a owner/ partner of Outdoor Services Inc. a locally owned diversified service corporation that includes OSI, a lawn and tree care service, ISI a Janitorial and Building Service company, and and SunnyMaid, our residential cleaning company. The key to running a small and growing service business has been flexibility, something that we seem to be loosing as we sort our our way through the new health care maze.

We began OSI began in 1986. I have always considered myself a small business owner. However since that passage of the Patient Protection and Affordable Care Act, I by an act of Congress have been categorized as a Large Business and have joined a class of businesses that must now face the fall-out of the Employer Mandate portion of the bill.

I of course speak of the mandate that penalizes employers that have grown beyond the 50 or more Full time equivalents and face a \$2000 per FTE fine if they do not provide health insurance.

Here is what I believe the response of many businesses of all sizes may be:

- 1) Operators that presently do not provide health insurance and are over the magic 50 mark will do a cost-benefit analysis of whether or not to pay the fines and continue as a large business or to reorganize their business units into small independently owned operations that keep under the 50 mark. In other words , A government produced incentive and economic advantage has been created for smaller operators. What we have is what the US. Chamber of Commerce has correctly identified as a “massive incentive for small business not to grow or hire new workers, and many businesses will be hesitant to hire low-income, low-skill workers, who would likely trigger the new tax” .
- 2) The other economic reality is that the costs associated with this new tax will be made up by increasing prices for goods and services as well as downsizing and adjusting payrolls.
- 3) Some busnienss, I believe, that presently do provide health insurance and are over the magic 50 mark will do a cost-benefit analysis of their health care costs and may decide that now is the time to opt out of employer based health insurance and the seemingly infinite escalation of costs. Some may choose to pay the \$2000 fine and pay out a health care equivalent directly as payroll to the employee so that the employees can choose to spend or not spend those dollars on health care.
- 4) Many large businesses, both public and private, that presently provide a healthcare benefit will recognize that as the internal labor costs associated with health care continue to rise it will become more advantageous for them to contract or outsource their low-income, low-skill workers to these smaller tax advantaged operators.