

**OFFICERS**

**J.R. Gonzalez**  
Chairman

**Scott Flores**  
Vice Chairman

**George Herrera**  
President & CEO

**BOARD OF DIRECTORS****Region I**

**Eric Carson\***  
Waipahu, HI  
**Sheila Guarderas**  
Fresno, CA  
**William Lujan-Hickey**  
Las Vegas, NV  
**Rafael Sanchez**  
Sacramento, CA

**Region II**

**Tina Cordova\***  
Albuquerque, NM  
**Ray Arvizu**  
Phoenix, AZ  
**Scott Flores**  
Northglenn, CO  
**Peter A. Granillo**  
Tucson, AZ

**Region III**

**Maria Guadalupe Toman\***  
St. Louis, MO  
**Marco A. Arredondo, P.E.**  
Portland, TX  
**J.R. Gonzalez**  
Austin, TX  
**Paul Rodriguez**  
Kansas City, KS

**Region IV**

**Joseph Lopez\***  
Cleveland, OH  
**Juventino Cano**  
Aurora, IL  
**George Franco**  
Milwaukee, WI  
**Vincent E. Rangel**  
Chicago, IL

**Region V**

**Charles Gonzalez\***  
Bronx, NY  
**Ed Diaz**  
Huntington Station, NY  
**Elizabeth Liebos-Farrow**  
Washington, DC  
**Espananza Porras Field**  
Morristown, NJ

**Region VI**

**Raiza Tamayo\***  
Orlando, FL  
**Alex Chavez**  
Sarasota, FL  
**Robert Chavez**  
Nashville, TN  
**Luis Torres Llopart**  
Rio Piedras, PR

\*Denotes Regional Chair

May 20, 2003

The Honorable Donald Manzullo  
House Small Business Committee  
U.S. House of Representatives  
2361 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chairman Manzullo:

On behalf of the 1.2 million Hispanic-owned businesses represented by the United States Hispanic Chamber of Commerce (USHCC), I wish to thank you for introducing the Self-Employed Health Care Affordability Act of 2003 (H.R. 1873). This legislation will give 16 million self-employed Americans better access to affordable health care coverage, ending a significant tax inequality that has contributed to the nation's health-care crisis.

In the nation's current health care crisis, the self-employed have been hit particularly hard, facing rising costs of health care combined with a large inequity in the tax code that requires these business owners to pay an extra 15 percent in self-employment (Medicare and Social Security) taxes on their health insurance premiums. The Self-Employed Health Care Affordability Act would eliminate this cost penalty on health insurance imposed on the self-employed and make quality health care more affordable for millions of Americans who now make up the majority of working uninsured.

Under the current tax code, the inequality faced by the self-employed lies in the payment of self-employment tax on health insurance premiums. While corporations are able to deduct health insurance premiums as a business expense and to forego FICA (Social Security and Medicare) taxes on these expenses, the self-employed are unable to deduct premiums as a business expense and are required to pay an additional 15.3 percent self-employment tax on these expenses. The self-employed are the only segment of the business population that pays this extra tax on health insurance.

The Self-Employed Health Care Affordability Act addresses this inequity by eliminating the requirement that the self-employed claim health insurance premiums when determining self-employment tax. According to a Kaiser study, a self-employed individual pays an average of \$7,954 annually in health insurance premiums for family coverage. Association Members tell the NASE that this is a modest estimate in the current health care climate, where self-employed individuals are known to pay up to \$13,000 annually for family coverage. If H.R. 1873 passes, a self-employed individual with a per-year premium of \$7,954 would save \$1,216 (15.3 percent) that he or she currently pays in taxes on their health insurance. This is money that could be used to reinvest and grow their business, cover the over-increasing costs of their current health coverage or provide funds to afford health coverage if they are currently uninsured.

2175 K Street NW • Suite 100 • Washington, DC 20037 • Telephone (202) 842-1212 • Fax (202) 842-3221  
<http://www.ushcc.com>

**H.R. 1873****Page 2**

Providing the small business owner with the same tax treatment that big business already has is the right thing to do and will have an immediate impact on the affordability of health care for millions of self employed business owners. We again thank you to your leadership and sponsoring the Self-Employed Health Care Affordability Act (H.R. 1873).

Sincerely,



**George Herrera**  
**President & Chief Executive Officer**

**OFFICERS**

**J.R. Gonzales**  
Chairman

**Scott Flores**  
Vice Chairman

**George Herrera**  
President & CEO

**BOARD OF DIRECTORS****Region I**

**Eric Carson\***  
Waipahu, HI  
**Sheila Guarderas**  
Fresno, CA  
**William Lujan-Hickey**  
Las Vegas, NV  
**Rafael Sanchez**  
Sacramento, CA

**Region II**

**Tina Cordova\***  
Albuquerque, NM  
**Ray Arvizu**  
Phoenix, AZ  
**Scott Flores**  
Northglenn, CO  
**Petar A. Granillo**  
Tucson, AZ

**Region III**

**Maria Guadalupe Tauxem\***  
St. Louis, MO  
**Marco A. Arradondo, P.E.**  
Portland, TX  
**J.R. Gonzales**  
Austin, TX  
**Paul Rodriguez**  
Kansas City, KS

**Region IV**

**Joseph Lopez\***  
Cleveland, OH  
**Juventino Cano**  
Aurora, IL  
**George Franco**  
Milwaukee, WI  
**Vincent E. Rangel**  
Chicago, IL

**Region V**

**Charles Gonzalez\***  
Bronx, NY  
**Ed Diaz**  
Huntington Station, NY  
**Elizabeth Lisboa-Farrow**  
Washington, DC  
**Esperanza Porras Field**  
Morristown, NJ

**Region VI**

**Raiza Tamayo\***  
Orlando, FL  
**Alex Chavez**  
Sarasota, FL  
**Robert Chavez**  
Nashville, TN  
**Luis Torres Llompart**  
Rio Piedras, PR

\*Denotes Regional Chair

May 20, 2003

The Honorable Nydia Velasquez  
House Small Business Committee  
U.S. House of Representatives  
2241 Rayburn House Office Building  
Washington, D.C. 20515

Dear Congresswoman Velasquez:

On behalf of the 1.2 million Hispanic-owned businesses represented by the United States Hispanic Chamber of Commerce (USHCC), I wish to thank you for introducing the Self-Employed Health Care Affordability Act of 2003 (H.R. 1873). This legislation will give 16 million self-employed Americans better access to affordable health care coverage, ending a significant tax inequality that has contributed to the nation's health-care crisis.

In the nation's current health care crisis, the self-employed have been hit particularly hard, facing rising costs of health care combined with a large inequity in the tax code that requires these business owners to pay an extra 15 percent in self-employment (Medicare and Social Security) taxes on their health insurance premiums. The Self-Employed Health Care Affordability Act would eliminate this cost penalty on health insurance imposed on the self-employed and make quality health care more affordable for millions of Americans who now make up the majority of working uninsured.

Under the current tax code, the inequality faced by the self-employed lies in the payment of self-employment tax on health insurance premiums. While corporations are able to deduct health insurance premiums as a business expense and to forego FICA (Social Security and Medicare) taxes on these expenses, the self-employed are unable to deduct premiums as a business expense and are required to pay an additional 15.3 percent self-employment tax on these expenses. The self-employed are the only segment of the business population that pays this extra tax on health insurance.

The Self-Employed Health Care Affordability Act addresses this inequity by eliminating the requirement that the self-employed claim health insurance premiums when determining self-employment tax. According to a Kaiser study, a self-employed individual pays an average of \$7,954 annually in health insurance premiums for family coverage. Association Members tell the NASE that this is a modest estimate in the current health care climate, where self-employed individuals are known to pay up to \$13,000 annually for family coverage. If H.R. 1873 passes, a self-employed individual with a per-year premium of \$7,954 would save \$1,216 (15.3 percent) that he or she currently pays in taxes on their health insurance. This is money that could be used to reinvest and grow their business, cover the ever-increasing costs of their current health coverage or provide funds to afford health coverage if they are currently uninsured.

2175 K Street NW • Suite 100 • Washington, DC 20007 • Telephone (202) 842-1212 • Fax (202) 842-3221  
<http://www.ushcc.com>

**H.R. 1873****Page 1**

Providing the small business owner with the same tax treatment that big business already has is the right thing to do and will have an immediate impact on the affordability of health care for millions of self employed business owners. We again thank you to your leadership and sponsoring the Self-Employed Health Care Affordability Act (H.R. 1873).

Sincerely,



George Herrera  
President & Chief Executive Officer