



June 9, 2008

The Honorable Nydia Velazquez
Chairman
House Committee on Small Business
2361 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairwoman Velazquez:

On behalf of the International Franchise Association (IFA), I write in support of the Small Business Cooperative for Healthcare Options to Improve Coverage for Employees (CHOICE) Act of 2008. Your legislation is an important opportunity to advance the ability of small franchised businesses to offer affordable health insurance to employees.

As the largest and oldest franchising trade group, the IFA's mission is to safeguard the business environment for franchising worldwide. IFA represents more than 85 industries, including more than 10,000 franchisee, 1,200 franchisor and 470 supplier members nationwide. According to a 2008 study conducted by PricewaterhouseCoopers, there are more than 900,000 franchised establishments in the U.S. that are responsible for creating 21 million American jobs and generating \$2.3 trillion in economic output.

For years, IFA has strongly supported legislation to create Small Business Health Plans (SBHPs), which would allow employers to offer health insurance to their employees through the employer's membership in a national association or a franchise system. Providing a framework for small businesses to join together would enable small employers to compete on a more level playing field with other businesses by spreading risk among a much larger group, strengthening negotiating power with plans and providers, and reducing administrative costs.

The CHOICE Act creates small businesses cooperatives that will enable the spreading of risk for excess claims. Most importantly, it will provide each small business member of the cooperative the flexibility to choose the comprehensive health plan that is right for its employees. In providing a tax credit as an incentive to join a cooperative, this legislation is a positive step forward in addressing the challenges franchised small business owners face in providing health care coverage to employees.

The IFA and its members thank you for your continued leadership on behalf of small franchised businesses in Congress. We eagerly look forward to continue working with you on this and other legislation that improves the environment for franchising in the United States.

Sincerely,

David French
Vice President, Government Relations