

To Our State Representatives

RE: MA Healthcare Reform

S & S Staffing, LLC is a female owned SOWMBA certified Massachusetts based temporary staffing company with its headquarters located at 50 Lake Avenue in Worcester. The company is owned and operated by Karen DeMichele, Charlene MacNeil, and Earl Callender (all 3 owners reside in Worcester County) and does business under the names of Savvy Staffing Solutions, Savvy Medical Staffing and Staff U Smart. The company's primary focus is providing light industrial and office support temporary personnel.

As the laws for healthcare reform have been implemented by the state over the last few years, our organization has taken numerous steps to be compliant with all of the laws. These steps include, but are not limited to the following:

1. Tracking the individual weekly hours of each temporary employee to determine healthcare eligibility.
2. Having each employee fill out a "Health Insurance Responsibility Disclosure Form" also known as a H.I. R. D. form.
3. Having a 125 Plan in place for tax free medical cost deductions from a pay check.
4. Offering a qualified healthcare plan to the qualified temporary employee (Fallon) and having the employer contribute at least 33% to the plan.
5. Doing our compliance filing every year.
6. Hiring a benefits consultant to ensure we are following state guidelines.
7. Owners attending several reform meetings starting in 2006.
8. Contacting "The Connector" to verify what we were doing was compliant.

S & S Staffing, LLC pays our employees on a weekly basis. In better economic times we have in excess of 600 temporary employees on a weekly payroll and have W-2'd as many 3000 to 4500 employees in a one year period. The processes above that we have been required to put into place for compliance and tracking purposes have required us to spend significant money and man power hours on healthcare reform that have negatively impacted our return on sales.

In January of this year we received a letter from the State Fair Share department telling us that we have been selected for an audit that includes the years 2006-2007 and 2007-2008. Because of all of the paper work requested, we spent hours upon hours (including weekends) pulling all the information together required for the audit. The day of the

scheduled audit meeting we had a conference room filled with boxes of records and documents that included **2 years worth** of the following:

1. WR2's
2. Payroll records
3. H.I.R.D. Forms
4. Letters that we sent out in July of 2007 to all of our employees alerting and advising them of the new laws and their ability to get healthcare from us.

When Carl Lamour (the auditor from the Fair Share Division) arrived, he seemed flustered with us that we had all of our paperwork for him. He became anxious and aggravated with us. It became clear to us and our benefit consultant Bill Fields, that Mr. Lamour was more interested in trying to find something we didn't have or could have possibly done wrong versus reviewing all the work we had put together for him. He proceeded to ask us questions about what type of proof or documentation "we had" to show that we had been notifying our employees about healthcare from the 4th quarter of 2006 to the 1st quarter of 2007. We explained to him that the State of MA did not make available or post the H.I.R.D. form until the last week of June 2007. That was not a good enough response for him; he said that Fallon should provide us with a form. We explained that the state did not require companies to do that during that time period. Again he was not satisfied and has requested additional information for us. Our new audit date is May 13, 2009.

KEEP IN MIND, The law was effective JULY 1, 2007.

Prior to July of 2007, healthcare insurance companies did not have (any form) an "Employee Health Insurance Responsibility Disclosure Form" and healthcare companies did not consider someone who worked 420 hours to be full-time. The state made their own determination of what they thought a full-time employee is. Furthermore, if we were not required to have a healthcare plan in place before July 1, 2007, why would we have a temporary employee sign a refusal of healthcare? In addition, all of the state offices we spoke to, The Connector, as well as benefit specialists hosting conferences said we had to be compliant for July 1, 2007.

The issue that confronts us is that if our auditor Carl Lamour (who is doing his own interpreting of the law) finds one thing out of place, we will be found liable and out of compliance for the entire period. The state did not write the law with flexibility on the fine and these fines could amount to \$230,000 or more.

If we were 98% compliant, we still have to pay 100% of the fine, not 2%.

This is the equivalent of: either getting a 4.0 GPA or being expelled from school. This is perfection or bust.

We strive to be perfect, but we don't think we will achieve it in our lifetime. Carl is looking for perfection.

In 2007 and 2008 we W-2'd over 4500 temporary employees and most of these individuals earn \$8- \$11 an hour. These employees could not afford healthcare even with

our company contributing to their plans and because of this issue, our company (and most temporary staffing companies) could not pass the state's primary test of 25% or more of our employees on our healthcare plan. We were able to pass the state's secondary test until the law was changed in January of 2009. Now all companies are required to pass both tests.

Since we can no longer pass the State of MA Healthcare Reform Test, we no longer will be offering healthcare and will pay the state's quarterly fees. It is too expensive to try and do both.

This audit could financially wipe out all 3 owners and erase all of the sweat equity and hard work we have put into building our business for the last 6 to 7 years. We used our own lines of credit to build this business in the State of Massachusetts with a plan of providing a safe nurturing environment that our employees could grow and develop in. As business owners, we recognize how important it is for everyone in this country to have affordable healthcare and support the work the State of Massachusetts is doing to deliver healthcare to its Commonwealth. Asking for perfection on a new healthcare reform law that was written before the procedures and processes were put into place is an unrealistic expectation. We feel that as a small business organization that has a temporary work force who is transient, we have done an excellent job of being compliant with a process that was more of a "moving target"

We are asking all of who represent us in the state to review this issue that our company is faced with (and industry) and put processes in place that make it fair, equitable, and affordable to offer healthcare and yet operate a viable business in this Commonwealth.

Sincerely,
Karen DeMichele
Charlene MacNeil
Earl Callender

We can be reached by phone at the follow branch office numbers:

Karen DeMichele: 508-799-7171
Charlene MacNeil: 508-809-6506
Earl Callender: 508-381-6261