

# Health Care Reform and the Restaurant Industry

*The restaurant and foodservice industry is the nation's second largest private sector employer, providing 13 million jobs in 2009.*

## KEY RESTAURANT INDUSTRY PRIORITIES

The following provisions represent areas that have the most significant impact on the industry and where we have opportunities to shape the final outcome that best protects our membership's interest.

### PART-TIME WORKERS

*The restaurant industry is comprised of a high proportion of part-time workers, with only 43% of restaurant employees working more than 30 hours per week. Nearly one-half of the industry's workforce is under the age of 25. It is also a very seasonal business, with one quarter of all restaurants not open year round and others that are open year round are subject to wide variations in their average employment levels.*

- It is critical restaurateurs be allowed to set the criteria for offering health benefits to part-time workers which is why we support a part-time worker exemption.
- Part-time employees are an essential component of the restaurant industry. Many of our employees work for multiple employers, or receive coverage under another's health plan.

### SMALL BUSINESS EXEMPTION

*The restaurant industry is dominated by small businesses, with more than 9 out of 10 restaurants having fewer than 50 employees, while operating on average profit margins of less than 4 percent. The industry is extremely labor intensive, with its employees generating a relatively small quantity of sales, compared to most other industries.*

- It is critical that any reform have a robust small business exemption.
- The restaurant industry is comprised mainly of small businesses with seven out of 10 eating and drinking place establishments part of a single-unit restaurant business. In the current economic environment, total industry sales have been down considerably over the last two years.

### 90-DAY WAITING PERIOD FOR NEW HIRES

*The restaurant industry has a high average turnover rate. Seventy-five percent of the employees in the restaurant industry leave their jobs annually, which is much higher than the overall private sector that typically sees 49 percent of employees leave their jobs annually.*

- We need a 90-day waiting period for new hires to provide my committed full-time employees the highest quality benefits at the most affordable price.

- The restaurant industry is unique and has an extremely flexible work environment with high average turnover rate for employees, relative to other industries in the economy.
- A 90-day grace period before being required to provide coverage could have a significant impact on lowering costs of health care I provide new and existing employees. The grace period would mitigate the resources spent to cover employees who have no intention of staying with the company for an extended period of time.

#### MODIFY THE FULL-TIME EMPLOYEE DEFINITION

*Nonsupervisory employees in the restaurant industry worked an average of 24.3 hours per week in 2008, well below the average hours of counterpart employees in the retail, goods-producing and private non-agricultural sectors.*

- I support modifying the definition of full-time employee to 390 hours per calendar quarter (13 weeks) instead of the current 30 hours per week on average.
- The modified definition takes into account the fluctuations in hours an employee works, which can be common in the industry. This would reduce the impact of the employer requirements for restaurateurs because the employee's hours are averaged over a longer period time.

#### PRESERVE ERISA PROTECTIONS

- The restaurant industry is also a strong proponent of ERISA that allows some of our larger restaurant companies the regulatory framework to offer a uniform health benefits package across state lines.
- By preserving the ERISA framework, employers maintain the ability to offer competitive and more affordable coverage in part through the financial and administrative savings permitted by this uniform national standard.
- Also, ERISA allows employers the flexibility to tailor benefits to fit the needs of their workforce.