



October 30, 2009

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Leader and Madame Speaker:

The Business Coalition for Fair Competition (BCFC) strongly opposes efforts to enact a government health insurance program. We are concerned that a so-called “public option” or “competitive option” would have catastrophic effects on the private sector and result in dangerous unfair government competition with the private sector. We respectfully urge you to remove any provision establishing a government-run program to compete with private sector entities already offering such similar medical coverage, programs and services.

Since the Eisenhower Administration’s Bureau of the Budget Bulletin 55-4 (January 15, 1955), it has been the policy of the United States government that:

“The government should not compete with its citizens.

The competitive enterprise system, characterized by individual freedom and initiative, is the primary source of national economic strength. In recognition of this principle, it has been and continues to be the general policy of the government to rely on commercial sources to supply the products and services the government needs.

It is the policy of the Government of the United States to rely on commercial sources to supply the products and services the government needs. The Government shall not start or carry on any activity to provide a commercial product or service if the product or service can be procured more economically from a commercial source.”

A government-run health care entity would enjoy significant advantages over for-profit companies. The government-run entity would pay no taxes. In addition, this entity’s overhead – buildings, electricity, even equipment – would be paid for and provided for “free”. It is no wonder that when the government tries to compete with the private sector, unfair government competition results.

Given that the national unemployment rate is nearing 10% and our economy has lost 2.3 million jobs, mostly in the private sector, since the Stimulus bill (ARRA) was enacted, does Congress believe that taxpayer money should be spent to build in-house government capabilities to compete with the private sector? Is it not abundantly clear this will only exacerbate private sector job loss, in the short- and long-term?

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Beyond the principle of the government unfairly competing with the private sector, the practical side of implementing a government-run “public option” or “competitive option” has already been found detrimental to the taxpayer by the Congressional Budget Office (CBO). Just yesterday (October 29, 2009), the *Politico* reported on the CBO analysis of the House healthcare reform legislation. CBO identified the public option premiums higher than private plans.

We urge you to examine the experience in the State of Florida with property and casualty (P&C) insurance. After being hit by several hurricanes resulting in a significant increase in claims, Florida Governor Charlie Crist put a government-run insurance program in place. It drove private carriers out of business and increased premiums. Crist created the Citizens Property Insurance Corp., a state-run non-profit Florida P&C company. Premiums are going up 10 percent this year. Since 2007, the number of private insurance companies writing new policies in Florida has declined from 42 to 36.

Every Congressionally-chartered White House Conference on Small Business has made unfair government competition with small business a top issue. Concern for government competing with the private sector has been a serious concern for small business for decades. BCFC, a coalition of trade associations, businesses, and organizations dedicated to free enterprise, relief from unfair government sponsored competition, and greater government reliance on the private sector, has been revived to elevate the public’s awareness and to emphasize the importance of the competitive private enterprise system to members of Congress and Executive Branch officials. BCFC endeavors to assure that private, for-profit firms continue to constitute the strength of the United States economic system and that competitive private enterprises remain the most productive, efficient, and effective sources of goods and services.

BCFC advocates for public policies that promote the utilization of and reliance upon the private sector by government at all levels and that eliminates unfair government-sponsored competition with private, for profit enterprise, including small business. Unfair government competition with the private sector is already rampant in many sectors of the economy including architecture, audits, buses, construction, debt and bill collections, engineering, equipment repair and maintenance depots, food service, furniture, information technology, laboratories, landscaping, laundry and dry cleaning, office products, mapping, meeting planning, marketing research, roofing, motorcoaches, printing, public storage, surveying, transportation and utilities, among other just as important sectors of the U.S. economy.

In recent months, we have seen a dangerous trend toward government operations in automaking, car dealerships, banks, student loans, and Defense and Homeland Security insourcing. Additional unfair government competition in health care would be yet another example of government duplication and intrusion with and direct competition against the private sector. This unprecedented government intrusion and competition in the private market is having a detrimental effect on capital investment and jobs creation.

BCFC welcomes the opportunity to work with the Congressional leadership to remove the health care public option, as well as other Federal legislative provisions that place the Federal government in competition with private sector enterprises.

Sincerely,



John M. Palatiello
BCFC President

CC: The Hon. Mitch McConnell, Senate Minority Leader; The Hon. John Boehner, House Minority Leader

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