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REF: AHA Testimony

I would like to start by emphasizing that Lectrodryer and I personally believe in universal healthcare. We have during our tenure as owners offered the best possible healthcare coverage to our employees. Our current cost averages \$3.68/ hour per employee far in excess of any of the proposed penalties or fines in the AHA. Our costs have increased every year in the last twelve years and the quality of coverage we are able to offer has declined steadily since the health insurers have continued to reduce the quality of their best plan.

What I would like to present is the impact the AHA has had on our company to date, current concerns and what we believe are the issues going forward. To date the impact on Lectrodryer has been a significant investment of time by our HR manager and our upper management to understand the AHA. This has involved seminars, meetings with health care professionals and HR professional groups. It has been complicated by the massive size of the act and the continuing clarification rulings and changing dates. Additionally at this time there is no information about the required state exchanges that we will have to offer on October 1st. While we are required to notify our employees about these options by October 1st we at this time do not have any details or information to answer the questions we are sure will come. Businesses do not like uncertainty. At this time there is significant uncertainty about the AHA's impact on Lectrodryer, both financially and operationally.

The period from now until the end of 2013 (assuming no additional date changes) will require us to do additional work in HR to document our employee's participation and meet the other reporting requirements of the AHA. At this time we believe that will be at a minimum 2 weeks of work for our HR manager. Considering that this constitutes 11% of her time for the remainder of the year it is no small cost.

Going forward our concerns are considerable. The decision to manage the AHA through the insurance companies is a decision that will have significant long term repercussions. We believe the four plans offered in the AHA, Platinum down to Bronze will become the defacto plans offered by the health care companies. While some of the features of the plans like no lifetime maximums are improvements, we feel the overall coverage will deteriorate for our employees. Our current plan co-pays and prescription benefits are better than those of the Platinum Plan we have seen offered. These everyday costs will have an impact on our employees.

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As a small business one of the ways we have been able to distinguish ourselves as a better company has been to offer superior health care benefits. This has also helped us retain our employees. If we are correct that all companies will wind up with the same plans this will simply take away one of the few options we have had to attract and retain the best employees for our company.

I also am concerned that the AHA does not address what has been a key concern in recent years for our company to control health care costs. It is personal responsibility. As an example Lectrodryer offers a monthly monetary incentive for a health club membership but the employee must provide proof of use or attendance. While the AHA provides benefits for preventative measures like annual physicals it offers no penalty for not participating. It only guarantees you will be taken care of regardless of your personal behavior.

One of the unique parts of the Lectrodryer business is that we have for the last five years exceeded 70% export sales. This has required me to travel extensively to many countries including a number which have what is widely reported as universal health care coverage. It is my conclusion that healthcare is about good affordable access to doctors and health care facilities. I am sure that was the intent of the AHA but the reality is the law seems to be a lot about insurance companies, additional regulations and the IRS. I do not see anything that guarantees that people in Eastern Kentucky will have enough doctors and hospitals that they can access easily.

Lectrodryer as a responsible employer has provided the best available health care benefits to our employees for the entire time we have owned the company, but now I believe the AHA will increase the cost of coverage, reduce the quality plans we can offer and add additional regulatory burdens and costs to our company. This in a world that everyday demands we be more efficient and competitive. As I started, we believe in universal health care. We just wonder why we as one of the small businesses of Kentucky have to have yet another burden added to our work load.

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