

Testimony

of Joe Eddy
President and CEO
Eagle Manufacturing Company
On Behalf of the National Association of Manufacturers

Before the U.S. House Committee on Education and the Workforce
115th Congress

Rescuing Americans from the Failed Health Care Law and Advancing Patient-
Centered Solutions

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FEBRUARY 1, 2017

Good morning Chairwoman Foxx, Ranking Member Scott and distinguished members of the committee. Thank you for the opportunity to appear before you and for holding this hearing today.

My name is Joe Eddy, and I am president and CEO of Eagle Manufacturing Company in Wellsburg, West Virginia. I am on the Board of Directors of the National Association of Manufacturers (NAM) and also serve on its Small and Medium Manufacturers Group.

The NAM is the nation's largest industrial trade association and a voice for more than 12 million men and women who make things in America. The NAM is committed to achieving a policy agenda that helps manufacturers grow and create jobs. Manufacturers appreciate your attention to the burdens of the Affordable Care Act (ACA) that are impacting the competitiveness and growth of manufacturers around the nation. My story is not unique; it is one of many experiences that manufacturers have experienced over the past several years.

Eagle Manufacturing Company is a family-owned business established in 1894. We employ 195 employees and are a prime manufacturer of safety cans, safety cabinets, secondary spill containment products, poly drums and material-handling products. At Eagle, we design and manufacture all of our own products. We are a respected brand name for consistent quality and value, and all of our products are “Made in the USA.” We supply nearly every industrial and commercial sector: contractors, manufacturers, utilities, military, professional, government, printing, chemical, fabricators, transportation, textile mills, automotive, agricultural, medical, oil and gas and electrical. In 2015, Eagle received the NAM’s Sandy Trowbridge Award for Excellence in Community Service, and last year, Secretary of Commerce Penny Pritzker awarded us the President’s “E” Award for Exports, the highest recognition any U.S. entity can receive for making a significant contribution to the expansion of U.S. exports.

Manufacturers have a proud tradition of providing health insurance for their employees. More than 98 percent of NAM members offer health benefits to their employees. At Eagle, our tradition has been to cover 100 percent of medical costs for our employees. We have done this because it’s the right thing to do for our employees and our community. No government policy or mandate leads us to provide this generous benefit. We often hear that people specifically want to come to work at Eagle because of our reputation of taking care of our employees. We live by our mission statement: “Protecting People, Property and the Planet.”

Unfortunately, the past few years under the ACA have made it more difficult to live up to the standards we have set for ourselves. Rising health care costs have forced us to make some difficult choices, and the ACA has further limited our options. In 2009, prior to the ACA, we were paying about \$13,500 per year per employee, and by 2013, those costs increased to more than \$15,800 per year per employee. At that time, I was

tasked with specifically looking at the added costs to the company resulting from the impacts of the ACA because our health care costs were on the rise and posing a risk to the company's financial health. The taxes, paperwork, fees and mandates cost us almost \$1,000 per year per employee, and this does not include the hiring of an additional human resources professional who specifically manages health care and all the new requirements. As much as we work to keep costs down, our plan now costs more than \$22,800 per year per employee, so we are at even more risk if the "Cadillac" tax is not repealed. In addition, as a fully insured company that works directly with insurance brokers to purchase employee health plans, we are exposed to the health insurance tax in 2018.

We do not think our benefits are excessive; they are necessary to attract, retain and maintain a strong, quality and healthy workforce. Unfortunately, the cost of health care remains a top business concern for both large and small manufacturers based upon quarterly survey results conducted by the NAM that focus on manufacturing sentiment. While the overall business outlook is improving, there has been limited relief in sight to address escalating health care costs. Since being added to the NAM survey two years ago, it has been listed as a primary business concern each quarter. Rising health care costs impact all facets of any company—hiring new workers, maintaining competitive pay rates and making capital investments as well as researching and developing new products.

Part of the challenge that the ACA ushered in was the paradigm shift in health care choices available to manufacturers and other business owners. Options that were once available to us became more limited over time. More specifically, the insurance that we had for more than 10 years was no longer available. It put a whole new meaning to the oft-repeated words of the previous president, "If you like your health care plan, you

can keep it.” Many of our employees had to find new doctors, and we had to learn to manage a new system. Furthermore, the new product we purchased was more expensive, driving our health care costs up an additional \$4,000 per year per employee. Unhappy with the outcomes of this change, we switched carriers again to another insurer. We are hopeful that our situation has stabilized. Businesses such as ours need flexibility and competitive options so that we can always find the best and most cost-effective plan for our employees.

But the most challenging part of the ACA is the effect it has had on our employer–employee relations. As I mentioned earlier, Eagle Manufacturing has 195 employees, but it should be noted that 150 of those are unionized through the United Steelworkers Union. We have traditionally had a strong relationship with the union and those employees. However, last year during contract negotiations, for the first time, we had to negotiate a cost-sharing arrangement with the union because of the untenable rise in health care costs facing Eagle. It was a difficult choice, and I am proud that for the competitiveness and well-being of the company, the union agreed. Employees now contribute \$35 per pay period (\$910 per year) toward monthly health insurance premiums. As you would imagine, those were not easy negotiations. It broke down the trust and partnership between the company and our employees. For our non-union employees, we now have to charge \$50 per pay period (\$1,200 per year) for their co-share.

The years following ACA passage have been costly, disruptive and distracting from the things we are good at doing as manufacturers. Moreover, the dose of uncertainty delivered to us more than seven years ago still has not been fully resolved. We look forward to working with you to help address these mounting issues, and I appreciate the opportunity to share my experiences on behalf of my company and other

manufacturers. In speaking for myself and others, we urge Congress to focus its efforts on solutions that will successfully eliminate the costliest and most problematic aspects of the ACA. The challenges ahead—a continued escalation of health care costs paid by employers and employees through the anticipated “Cadillac” tax on comprehensive health plans, an excise tax on medical devices, a health insurance tax and other administrative burdens—all demand immediate and thoughtful attention from Congress.

Eagle is very proud of our 123 years in West Virginia, manufacturing innovative, quality products for our customers. As a leader in the Wellsburg community, we strive to provide health care benefits that allow for a strong, healthy workforce, but it is a struggle given the limits, restrictions and mandates of the ACA. I know that my struggle is not unique and that other manufacturers around the country are facing the same challenges.

I very much look forward to working with you to find workable solutions that will help control outrageous costs and provide the flexibility for employers to continue to provide the benefits their employees deserve. Thank you for inviting me to testify before you today, and I am happy to answer your questions.

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