

**Statement for the House Committee on Oversight and Government Reform
July 10, 2012**

“The Impact of the Patient Protection and Affordable Care Act on Job Creators and the Economy”

Testimony of the Honorable Daniel A. Wolf, CEO and Founder of Cape Air, Massachusetts State Senator

Good afternoon and my sincere thanks to the committee for the opportunity to testify about such an important issue for the American people.

I come before you today to share the perspective of a person who, thanks to the hard work and dedication of a team of remarkable individuals, achieved amazing success in one the most challenging businesses of today, aviation.

Twenty-five years ago, as a trained mechanic and pilot, my dream was to start an airline in Massachusetts. With one plane, one route, and six employees, Cape Air flew its first scheduled flight in 1989.

Today, headquartered in Massachusetts, Cape Air operates in 11 states, 4 U.S. territories and commonwealths, and 3 foreign countries. We will carry 725,000 passengers this year, and generate \$105 million in revenue.

Cape Air now offers nearly 1000 full-time jobs, with about 500 of them based in Massachusetts. Nearly 300 of our employees have been with the company for more than a decade.

Cape Air’s success allowed me, at age 52, to enter government and two years ago, voters from the Cape and Islands chose me to represent them in the Massachusetts State Senate.

My primary goal is to help government and private businesses partner in ways that make our communities healthier and our economy stronger, and what’s informing my perspective includes 6 years on the Federal Reserve Board’s Advisory Council for New England, Board Chair of one of the largest Chambers of Commerce in Massachusetts and a trustee of the largest mutual bank in the Cape and Islands region.

From all these vantage points, I’ve come to realize that one of the most important values we must embrace is that every American should have access to affordable, excellent health care.

We have come a long way toward accomplishing that goal in Massachusetts, and we have done so without stunting business growth, and without cutting jobs.

I’m here to debunk myths, and dispel fear and misunderstanding about the 2006 health care reform act that Massachusetts enacted with strong bipartisan support. It also is the template for much of the Affordable Care Act now sanctioned as the law of our land.

From Cape Air’s first day in business, we offered health care coverage, knowing that affordable health care coverage helps us retain a great workforce. This year, Cape Air’s health insurance premiums will total close to \$3 million, roughly 3 percent of the company’s gross income. The company will pay just over half of that cost, employees the rest.

In 2007, when Massachusetts health care reform went into effect, there were dire predictions of the impact on businesses like Cape Air.

Here's what really happened:

We added some new dependents under 26 years of age to family plans. Beyond that, the transition was seamless. There was no bureaucracy or heavy lifting in the front office.

Since then we've added a solid 15 percent more Massachusetts-based jobs, with our total revenue growing far faster.

Health care reform has not stifled business.

The Massachusetts Health Care Reform was designed to ensure access, not curtail cost. With landmark state legislation now close to passage, building on the success of the 2006 act, Massachusetts is on the verge of implementing new strategies to contain costs, while continuing to provide coverage for more than 98 percent of Massachusetts residents.

But I can also report that health care costs have not spiraled because of the plan, far from it.

This year, Cape Air saw a 5 percent increase in premiums – too much, but far from the 15 to 20 percent increases we saw year after year before reform took effect. Last year, our increase was 4 percent. The previous year, we were able to negotiate a 5 percent DEcrease.

So Cape Air's success should be seen in a state context.

Unemployment in Massachusetts has dropped from 8 percent in 2009 to 5.8 percent in May of this year. This is 2.4 percent below the national average.

Massachusetts ranks 8th in the nation in job creation this year, adding 37,800 new jobs through May.

Since January, 2007, Massachusetts ranks third in the nation in economic performance.

Meanwhile, additional state spending for health care programs resulting from payment reform only represented 1.4 percent of the state budget in 2011 -- again, with more than 98 percent of our residents covered, which includes a 400,000 net increase in the number of non-elderly insured residents.

And the Health Connector – the Massachusetts version of the health insurance exchanges in the Affordable Care Act – has reduced premiums in the last 2 years by 10 percent.

These facts explain why surveys consistently find that about two-thirds of our residents support the state's health reform.

As important and positive as enacting the Affordable Care Act is and will be, it's not the last word. Just as Massachusetts is now moving forward with cost containment initiatives, there will be more opportunities to continue to reform our health care structure.

Access is only one of the pillars on which great health care is built. The other issues to address are cost, complexity, outcomes and transparency.

I look forward to a national conversation about all of them, and especially an understanding of the link between a healthy business climate, and access to health care for all.

Daniel A. Wolf

Dan Wolf is the Founder and Chief Executive Officer for Cape Air in Hyannis, Massachusetts. He is also a first-term Massachusetts State Senator representing the Cape and Islands District.

After graduating from Wesleyan University with a bachelor's degree in political science, he moved to Cape Cod to earn his private and commercial pilot licenses. He has worked as a community and union organizer in the Boston area and managed the Chatham Municipal Airport, where he also worked as a flight instructor and aircraft mechanic.

In 1988, Dan and a handful of others founded Cape Air and Nantucket Airlines. They began with six employees and one airplane flying one route. Cape Air is currently one of the largest independent regional airlines in the country, serving dozens of communities and hundreds of thousands of passengers annually in regions as diverse as Key West, rural Missouri, upstate New York, and Guam. Cape Air employs nearly 1000 people and is one of the largest employers in the region.

As a business and community leader, Dan has served on many of the region's non-profit and civic organizations and boards and is currently the Co-Chair of the Massachusetts Cultural Caucus. Within the Massachusetts Senate, he currently serves as the Senate Chair of the Joint Committee on Labor and Workforce Development, Senate Vice-Chair of Municipalities and Regional Government. He also is a member of the Joint Committees on Environment, Natural Resources, and Agriculture; Health Care Financing; Public Service; Arts, Culture and Tourism; Veterans and Federal Affairs and the Special Joint Committee on Redistricting.

Among many awards, Dan has received in his business career, Dan
Entrepreneur of the Year for New England, Ernst and Young, 2008
The Greater Boston Chamber of Commerce small business award, 2005
The Good Guys Award by the Women's Political Caucus of Massachusetts, 2004
Cape Cod Citizen of the Year award, 2004
Regional Airline Association executive of the year, 2004
Greater Boston Chamber of Commerce business excellence award, 2000