

Challenges Facing America's Businesses Under the Patient Protection and Affordable Care Act

Subcommittee on Oversight and Investigations

Hugh Morrow, President, Ruby Falls LLC.

Good Morning. Thank you Mr. Chairman and members of this committee. My name is Hugh Morrow and I am here today representing Ruby Falls and its employees. Ruby Falls is an 84 year old small business that employs over 100 strong in the height of our season and is supported by approximately 40 core full-time employees year round. Ruby Falls is better known as the tallest underground waterfall open to the public. We have been mentioned on such lists as a top 7 Natural Wonders in the USA and listed as the #2 underground waterfall on earth by World Reviewer travel site. A simple way to explain what we are: you take a 260' elevator ride down into a cavern and walk over 2000' feet into a limestone mountain. When you arrive at the falls you are 1100' underground and view a 145' waterfall. People have been doing this for over 80 years. During 2013, we will host close to 400,000 people. It truly is a unique experience that has spanned generations.

Since 2008 Ruby Falls has had its challenges as have most small businesses that are associated with travel and leisure. Disposable incomes have been down and the cost of travel and energy prices have been up so those that are reliant on the drive-in market have struggled.

Fortunately Ruby Falls has thrived over the past 5 years. Our work force that is comprised of full-time and part-time workers is second to no organization in the country and I could not be prouder representing them today.

This group is a homogeneous mix of Ruby Falls career employees, retirees, those working while transitioning to other jobs and a mix of students both high school and college age. Our payroll has increased by 27% over the past 4 years and this does not include the contract labor such as technicians, plumbers and electricians that we retain. Many people ask me how do we keep such a great group. The main reason is that we fit and conform to where they are in their life situation. One of those options we offer to our full-time qualifying employees is health insurance that is 100% employer paid for the individual coverage. How can an employer manage to cover those cost? We have crafted a plan that works for both us and our employees that focuses on their needs not the needs of every American.

Now because we have to combine the full time employees with the part time employees that choose to work for us part-time, our full time equivalents will exceed the 50 employee's threshold. Why is this important? Because we are in this category, we will not be able to buy insurance at the benefit levels that work for our business and will have to move to a higher levels that are mandated by the Affordable Care Act. Since 2006 we have not seen any premium increases exceeding 5% but this past year we saw 21% and are projected to see higher than 30% increases for 2014. We are working in very competitive market as I mentioned earlier so absorbing these cost or passing them on to the customer is not an option. We have spent more time analyzing the effects of this law than creating memories for our visitors.

For the first time in my career, business growth and creating jobs has become a secondary task. You ask yourself why grow? Why create jobs? Why invest

capital?

The significant cost increases we will see because of the increased mandated benefits will reduce our ability to do this going forward.

As I mentioned earlier since 2008, we have grown our payroll by 27%, invested approximately \$2 million in capital and expansion spending and invested in the Chattanooga and surrounding Tennessee community. Ruby Falls was the first US attraction to be certified by Green Globe an international achievement for our environmental stewardship of our business. A huge part of that certification was our reduction in power usage and we were the first solar powered cave in the US. Yes, solar power is an important part of our ongoing plan.

Throughout these tough economic times we have operated on less resources, re-assigned and eliminated non-productive positions, reduced inventory but have still managed to increase customer's satisfaction and revenues. The expenses created by the Affordable Care Act are not affordable and will force us to reduce payroll, share in the cost, reduce investment in growth or a combination of all three. None of the solutions create jobs.

I represent our team by saying the coverage we have, we would like to keep but the coverage we are being mandated to have is unaffordable. More people today, have healthcare coverage available today because we grew our business.

We hope to continue to do that going forward just as we have in the past.

Thank you for your time and attention to these matters and I hope to answer your questions should you have any for me today.