



Charles Crain

Managing Vice President, Policy

April 2, 2025

The Honorable Rick Allen
Chair
Subcommittee on Health, Employment, Labor, and Pensions
House Committee on Education and the Workforce
U.S. House of Representatives
Washington, DC 20515

The Honorable Mark DeSaulnier
Ranking Member
Subcommittee on Health, Employment, Labor, and Pensions
House Committee on Education and the Workforce
U.S. House of Representatives
Washington, DC 20515

Dear Chair Allen and Ranking Member DeSaulnier,

On behalf of the National Association of Manufacturers and the 13 million people who make things in America, thank you for holding today's hearing on the importance of access to and affordability of employer-sponsored health insurance (ESI).

The NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturers have a deep commitment to providing health benefits to their workers, even as rising health care costs remain a top challenge for the industry. More than 58% of manufacturers, and 68% of small and medium-sized manufacturers, cited health care costs as their primary concern in the NAM's most recent Manufacturers' Outlook Survey.¹ Despite this challenge, 93% of manufacturing employees are eligible for health insurance benefits, which underscores the urgent need for action to reduce health care costs for manufacturers and manufacturing workers alike.²

ESI is the bedrock of the United States' health care system—in 2024, 154 million people were covered through ESI.³ In 2023, the NAM released a study, *Manufacturers on the Front Lines of Communities: A Deep Commitment to Health Care*, which took an in-depth look at the progress made by manufacturers in offering ESI, as well as the challenges they continue to face.⁴ The study found that manufacturers provide health care benefits so they can effectively attract and retain employees, to maintain a healthy and productive workforce, and because they believe it is the right thing to do for their workers. Manufacturers are committed to continuing to offer health insurance to their employees, but there are steps Congress can take to ease the burden they face.

¹ National Association of Manufacturers, Q1 2025 Manufacturers' Outlook Survey (March 6, 2025). Available at <https://nam.org/2025-first-quarter-manufacturers-outlook-survey/>.

² Kaiser Family Foundation, *2024 Employer Health Benefits Survey* (Oct. 9, 2024). Available at <https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2024-Annual-Survey.pdf>

³ *Id.*

⁴ National Association of Manufacturers, *Manufacturers on the Front Lines of Communities: A Deep Commitment to Health Care* (July 2023). Available at <https://documents.nam.org/IIHRP/2023%20Health%20Care%20Reportsingles.pdf>.

To increase access to and affordability of ESI, manufacturers recommend the following:

- Strengthening ERISA: ERISA underpins manufacturers' ability to provide health insurance to their employees. The law allows manufacturers to provide uniform, yet tailored, benefits to workers across multiple states. However, the complexities and bureaucracy of the health care system are major challenges for manufacturers. These challenges can be addressed through improvements to the current public-private health care system. Reforms that ease regulatory burdens would lower costs and improve the quality of care for manufacturers and manufacturing workers.
- Protecting ERISA's Federal Preemption: ERISA's federal preemption of state and local laws and regulations is essential to the operation of ESI, as it allows multi-state employers to design and administer uniform benefits to all employees, regardless of their states of residence. Eroding or eliminating preemption would force manufacturers to comply with a patchwork of cumbersome and potentially conflicting state-based rules, a costly and untenable situation.
- Improving Data Transparency and Accessibility: Administering high-quality, affordable health plans requires the collection and analysis of massive amounts of data, a task to which manufacturers dedicate significant resources. It is thus important that employer plan sponsors have user-friendly access to their complete data in order to make informed choices about their plan's operations. Transparency also benefits manufacturing employees' experience in the health care system and enables them to make more informed decisions. Additional transparency mechanisms would improve beneficiaries' experiences.
- Preserving the ESI Tax Exclusion: The ESI tax exclusion is critical for the success of ERISA health plans. The individual tax exemption and employer deduction for ESI must be maintained in their current forms. Any deviation would jeopardize employers' ability to offer and employees' ability to utilize ESI.
- Reforming Pharmacy Benefit Managers: PBMs are underregulated middlemen that design, negotiate, and administer prescription drug benefits on behalf of health insurance companies and employers that self-fund health insurance plans for their employees. PBMs contribute to the skyrocketing cost of health care by tying patient cost-sharing to list prices, pocketing manufacturer rebates, and obscuring their concerning business models. Necessary reforms include increased transparency, the delinking of PBM compensation from the list price of medicines, and full rebate passthrough to the plan and its beneficiaries in the commercial market.

Manufacturers appreciate the Subcommittee's timely consideration of ways to increase access to and drive down costs for ESI. The NAM looks forward to continuing to work with the Subcommittee to strengthen the ESI system so manufacturers can continue to offer employees health insurance.

Sincerely,

A handwritten signature in black ink that reads "Charles F. Crain". The signature is fluid and cursive, with a large initial "C" and a distinct "F".

Charles Crain
Managing Vice President, Policy