

TESTIMONY BEFORE THE UNITED STATES CONGRESS  
ON BEHALF OF THE  
**NATIONAL FEDERATION OF INDEPENDENT BUSINESS**



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**United States House of Representatives  
Committee on Education and Workforce  
Subcommittee on Health, Employment,  
Labor, and Pensions**

A Healthy Workforce: Expanding Access and Affordability in  
Employer-Sponsored Health Care

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Chairman Allen, Ranking Member DeSaulnier, and Members of the House Education and Workforce Subcommittee on Health, Employment, Labor, and Pensions:

Thank you for the opportunity to testify today on behalf of the millions of small business owners across America who, like me, are passionate about building stronger and healthier communities. My name is Marcie Strouse. I am a benefits consultant, a small business owner in Des Moines, Iowa, and—most importantly—a mom to three wonderful kids, including twins who were diagnosed with a neuromuscular disease at age seven.

That personal experience changed everything for me. It made health care not just a professional concern but a mission. For over 20 years, I've worked with small employers across Iowa, helping them build benefit packages that meet their employees' needs and align with their budgets. I've seen firsthand the difference that good coverage can make and the heartbreak when options are out of reach.

### **The Health Care Crisis on Main Street**

Small businesses are the foundation of the American economy.<sup>1</sup> They are also community builders, supporting schools, sponsoring local events, and offering their employees not just a paycheck but a pathway to financial stability, health, and well-being.

At the heart of that promise is employer-sponsored health care. For decades, it has been the most valued benefit in attracting and retaining talent. Most Americans receive their health coverage through an employer<sup>2</sup>; however, that promise is now slipping out of reach for many small business owners.

For nearly 40 years, the number one concern for small business owners has been rising health insurance costs.<sup>3</sup> Today, it's not just a concern; it's a crisis. **Ninety-eight percent of small business owners fear they will be unable to afford coverage in the next few years.**<sup>4</sup>

The small group insurance market is in a free fall, resulting in fewer options, higher costs, and untenable trade-offs.<sup>5</sup> Family premiums for small businesses have increased by 129%

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<sup>1</sup> <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024>

<sup>2</sup> <https://www.kff.org/health-policy-101-employer-sponsored-health-insurance/?entry=table-of-contents-why-is-employer-sponsored-health-insurance-so-dominant>

<sup>3</sup> Holly Wade & Madeleine Oldstone, Small Business Problems and Priorities, 2024 NFIB Research Center, 2024 <https://strgnfibcom.blob.core.windows.net/nfibcom/2024-Small-Business-Problems-Priorities.pdf>.

<sup>4</sup> Health insurance survey - 2023 - <https://strgnfibcom.blob.core.windows.net/nfibcom/Health-insurance-survey-NFIB.pdf>

<sup>5</sup> Concentration in Small Group Health Insurance Markets Increased from 2011 through 2020 from an average of 13 issuers in 2013 to only 5 in 2020. See page 15 [www.gao.gov/assets/gao-23-105672.pdf](http://www.gao.gov/assets/gao-23-105672.pdf).

over the last two decades.<sup>6</sup> In Polk County, where I live and work, the average family premium for a small group plan has risen by 85% in the last eight years. For context, my family is currently enrolled in an individual grandmothers plan through Blue Cross & Blue Shield (BCBS). We have a \$2,500 deductible, and our monthly premium is \$1,135.45 for a family of five. A similar Affordable Care Act group plan in 2025 would have monthly premiums of \$2,161. Despite almost doubling in cost, these ACA plans don't offer more value or quality, and in some instances, they come with narrower networks.

That's simply unsustainable, and it is why we must advance bold, practical policy changes that give small business owners more access and better options.

Today's small business outlook remains shaky, driven by high costs, workforce shortages, and economic uncertainty. For small employers trying to recruit and retain talent, the inability to offer competitive and affordable health insurance is a serious disadvantage. According to the latest NFIB jobs report, 38% of small business owners reported job openings they could not fill, the highest reading since August 2024.<sup>7</sup>

Despite relentless challenges, small business owners still believe in the power of offering health care. Sixty-three percent say it is vital to attracting and retaining talent. However, 94% find managing the cost increasingly difficult.<sup>8</sup> The disparity between small and large employers is stark: small firms pay nearly twice as much for health insurance as large businesses.<sup>9</sup> That uneven playing field puts Main Street businesses at a competitive disadvantage—and America's workforce at risk.

### **Empowering Employers Under ERISA**

The ERISA framework has long enabled employers to offer affordable, high-quality health benefits. The following recommendations would be important steps toward giving the same access to small employers.

#### **1. Expand Access to Self-Insurance and Stop-Loss Protections.**

Self-insurance is one of the most effective ways for small employers to manage costs and improve plan design. But today, far too many are locked out due to regulatory uncertainty and limited access to stop-loss coverage. Congress should pass the *Self-Insurance Protection Act* (SIPA) to ensure that small employers can continue to rely on stop-loss insurance. This protection is critical. **Just last year, a two-employee client of mine saved over \$3,500 annually by transitioning to a level-funded plan. Those savings helped them lower employee cost-sharing and improve coverage.**

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<sup>6</sup> Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Insurance Component (MEPS-IC), 2003 - 2023.

<sup>7</sup> <https://www.nfib.com/wp-content/uploads/2025/03/NFIB-Feb-2025-Jobs-Report.pdf>

<sup>8</sup> <https://strgnfibcom.blob.core.windows.net/nfibcom/Health-insurance-survey-NFIB.pdf>

<sup>9</sup> <https://www.jpmorganchase.com/institute/all-topics/business-growth-and-entrepreneurship/small-business-health-insurance-burdens>

## **2. Strengthen Association Health Plans (AHPs) and Pooling Arrangements**

Allowing small businesses to band together across industries to purchase health coverage, whether through AHPs or other ERISA-regulated pooling arrangements, would give them the same negotiating power that large employers enjoy. This can result in lower premiums, stronger networks, and better plan options. We should level the playing field by removing outdated restrictions that prevent small businesses from pooling together, simply because they operate in different industries.

## **3. Increase Flexibility for Direct Primary Care and Reference-Based Pricing**

Innovative models, such as direct contracts, Direct Primary Care (DPC) and reference-based pricing, are showing great promise in lowering costs and improving care. These arrangements promote transparent pricing, eliminate intermediaries, and restore decision-making authority to employers and employees. Congress should remove ERISA barriers that discourage small employers from adopting these models. Congress should also encourage plan designs that prioritize prevention and value over volume.

## **4. Expand Access to Telehealth**

The COVID-19 pandemic demonstrated that telehealth is not merely a convenience but a lifeline to greater access, improved outcomes, and lower costs. Expanding employer flexibility to offer telehealth benefits, including as a standalone option, would give small businesses a practical and affordable way to expand access for their employees. Congress should ensure telehealth remains a permanent, flexible benefit option under ERISA by passing the *Telehealth Benefit Expansion for Workers Act*.

## **5. Protect ERISA Preemption and Reduce Red Tape**

Congress must protect ERISA preemption from state-level patchwork mandates that drive up administrative costs and limit plan innovation. Lawmakers should reduce burdens on employers by streamlining and eliminating unnecessary reporting requirements. Some of the smallest businesses are already struggling to comply and lack resources and time. This is a commonsense way to relieve small business owners from burdensome red tape and allow them to focus on what they do best: Serving their customers, supporting their employees, and contributing to their communities.

## **6. Address Market Consolidation and Promote Transparency**

Finally, we must increase transparency and accountability within the health care system. Market consolidation among hospitals and pharmacy benefit managers (PBMs) has left small employers at the mercy of monopolistic pricing with little access to information. This has been driven in part by misaligned incentives. Lawmakers should examine the policies—some of which originated from the ACA—that have contributed to this consolidation.

Greater transparency and better incentives in hospital pricing and pharmacy benefit manager practices would bring much-needed competition to the system, providing

employers and patients with the information they need to make more informed decisions. It's time for every player in the system —hospitals, insurers, and pharmacy benefit managers (PBMs)—to compete fairly and be transparent.

### **Give Us a Fighting Chance**

Small business owners aren't asking for a handout; we're just asking for a fighting chance. We want to take care of our employees. We want to offer generous, flexible, and affordable benefits. But we need Washington to stop tying our hands.

The people I serve every day are not Fortune 500 CEOs. They are café owners, HVAC repair shops, and family-run manufacturers. They're part of the fabric of America, and they're being priced out of the system.

If we want a healthier and stronger workforce, we must empower employers who are willing to invest in their people.

Thank you for the opportunity to testify today.