

TESTIMONY BEFORE THE UNITED STATES CONGRESS  
ON BEHALF OF THE

**NATIONAL FEDERATION OF INDEPENDENT BUSINESS**



Statement for the Record of Marcie Strouse  
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Before the

**United States House Committee on Ways and Means Health Subcommittee**

Hearing on: Modernizing American Health Care: Creating Healthy Options and  
Better Incentives.

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National Federation of Independent Business  
555 12<sup>th</sup> Street, NW Suite 1001  
Washington, DC 20004

Chairman Smith, Ranking Member Neal, Chairman Buchanan, Ranking Member Doggett, and members of the Committee,

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, healthier communities. My name is Marcie Strouse, and I am a partner and benefits consultant at Capitol Benefits Group in Des Moines, Iowa.

For over two decades, I've worked with small business owners to help them navigate the complex health care benefits landscape and design the best packages to ensure a competitive and healthy workforce. I am boots on the ground day in and day out, talking to business owners in my state, and I've seen what works and, more importantly, what doesn't work in our system.

My journey is also personal. I am a small business owner and the mother of three incredible kids—Sid, Ella, and Libby. When my twins were just seven years old, they were diagnosed with a neuromuscular disease. That experience changed my perspective on health and health care forever. I learned that health care is more than just an insurance card. As a mom, I've fought my way through the system to get my kids the care they need. As an independent benefits consultant, I've sat across the table from small business owners who lie awake at night wondering how they'll continue to afford employee benefits. As a small business owner, I've experienced first-hand the burdens of an uneven playing field that sometimes keeps small businesses, the foundation of the U.S. economy, from being able to grow and compete.

**At the heart of the problem is that small employers and patients, more broadly, are at the very bottom of the health care decision-making process.** In our current system, industry and government bureaucracies hold all the cards while the rest of us are left with limited choices, skyrocketing costs, and little transparency. This problem has plagued small businesses across the country for nearly four decades, and matters are worsening.<sup>1</sup> In Polk County, Iowa, the average family premium for a small group plan has increased by 85% in the last eight years.<sup>2</sup> Many of my clients face similar challenges, with skyrocketing costs forcing them to forgo their dreams of growing their businesses or expanding their workforce.

Small businesses play a critical role in building a healthier America. They employ nearly half of the private-sector workforce and contribute 44% of the GDP.<sup>3</sup> Yet, they are being priced out of the health care system at an alarming rate. The small group market is in a death spiral, with participation declining by 7.4% in the past year and nearly 50% since 2014.<sup>4</sup> Issuer competition has plummeted<sup>5</sup>, leaving small businesses with fewer options, while health insurance premiums for firms with fewer than 50

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<sup>1</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>2</sup> Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Insurance Component (MEPS-IC), 2003 - 2023.

<sup>3</sup> Small Business Administration, Office of Advocacy, Frequently Asked Questions About Small Business, 2024. <https://advocacy.sba.gov/2024/07/23/frequently-asked-questions-about-small-business-2024/>.

<sup>4</sup> 2015-2023 NAIC Supplemental Health Care Exhibit Report <https://www.markfarrah.com/mfa-briefs/an-analysis-of-profitability-for-the-individual-and-small-group-health-insurance-markets-in-2023/>.

<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).

employees have increased by 120% over the past two decades.<sup>6</sup> The consequences are clear: fewer small firms can afford coverage, with only 30% providing health benefits today, down from nearly 50% in 2000. Almost all small business owners (98%) worry about their ability to afford coverage in the next five years.<sup>7</sup> This crisis threatens their financial stability and the well-being of millions of American workers and their families.

The path to reducing preventable disease, bending the cost curve, and making America healthier does not start in Washington, it begins in communities across the country. We need a system that prioritizes patients and empowers individuals and employers to make their own health care decisions. This would shift the focus from sick care to true wellness and encourage innovation and accountability.

Most of my clients are small business owners who care deeply about their employees. They want to provide benefits that attract and retain talent, support healthy outcomes, and contribute to the well-being of their teams. With the right tools and flexibility, small employers are uniquely positioned to make this happen. However, small businesses need Congress to provide flexibility that eliminates federal one-size-fits-all mandates. Health Savings Accounts (HSAs) and Individual Coverage Health Reimbursement Arrangements (ICHRA) are powerful examples of how we can realign incentives to empower patients and promote wellness.

#### **Health Savings Accounts (HSAs):**

HSAs are critical in empowering employees to take charge of their health care. Younger workers increasingly prefer HSA-eligible health plans due to lower premiums and reduced out-of-pocket maximums. Employers widely offer these plans as an option, recognizing their value in affordability and consumer-driven decision-making. Congress must expand access to these powerful financial tools for more people, putting them in the driver's seat of their health care. We must also increase the annual contribution limits to match out-of-pocket maximums. Additionally, Medicare beneficiaries should be allowed to continue contributing to HSAs, ensuring they maintain control over their health expenses even after reaching eligibility for Medicare Part A.

#### **Individual Coverage Health Reimbursement Arrangements (ICHRA):**

ICHRA are another transformative tool that allows employers to provide affordable health benefits that fit their budgets while retaining flexibility for both the employer and the employee. For many small businesses facing unsustainable premiums- averaging over \$20,000 per year for single-family coverage- ICHRA may offer a more budget-friendly alternative while allowing workers to select the plans that best meet their needs.

However, to realize ICHRA's full potential, we need to simplify regulations, expand these arrangements, and ensure employees have access to a wide range of affordable plan options. Employer contributions must also be competitive enough to make these attractive to employees. In many cases, workers who would otherwise receive subsidies in the marketplace may find that an ICHRA contribution does not provide the same financial advantage, creating a roadblock to the uptake of these arrangements.

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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> Health insurance survey - 2023 - Update.ai (strgnfibcom.blob.core.windows.net).

Congress should consider targeted incentives- such as a tax credit for small businesses offering ICHRAs- to encourage private investment in employee health coverage. As modeled by the state of Indiana, this approach would reduce reliance on government spending, expand access to flexible coverage, and ensure small businesses remain competitive in offering benefits that attract and retain talent.

### **Direct Primary Care (DPC)**

DPC is another example of how we can refocus the system on wellness and prevention. DPC enhances access to primary care, promotes preventative services, and can help reduce overall health care costs. DPC eliminates the red tape between patients and providers, allowing employees to build strong relationships with their doctors and focus on preventative care. By catching problems early and managing chronic conditions effectively, DPC reduces costly emergency visits and improves employee and family outcomes. Under current federal law, patients enrolled in a High-Deductible Health Plan cannot use their HSA funds to pay for these memberships. Congress should remove this financial disincentive to care for individuals wanting to pair DPC with an HSA-qualifying plan.

### **Transparency**

Lastly, transparency must be at the center of reform. Today, small business owners are forced to navigate an opaque system where prices are hidden, costs are driven up by red tape, and decisions are made by those who do not know better than families. Greater transparency in hospital pricing and pharmacy benefit manager practices would bring much-needed competition to the system, giving employers and patients the information they need to make smarter decisions.

Currently, patients face inconsistent and inflated pricing that drives up overall spending. In one case, a patient undergoing prostate cancer testing was informed that a necessary test would cost \$250 out-of-pocket if not covered by insurance. However, when the provider submitted the claim, the insurance-billed cost was \$900, far exceeding the patient's direct cost.

Addressing these pricing discrepancies is key to curbing rising health care expenses. All players in the health system, providers, insurers, and intermediaries, must realign their incentives through competition and innovation, and be held accountable for transparent pricing, ensuring that patients and employers are not overcharged for essential services.

Some of the most impactful steps Congress can take are providing more choice and control and directly empowering consumers. Agents and brokers are crucial in educating individuals about their options, and alternative care models can enhance access and affordability. Employers are increasingly incorporating wellness programs into their benefit offerings, with some plans providing financial incentives for participation. These innovative approaches should be encouraged to ensure employees receive personalized, cost-effective care.

### **Conclusion**

Increasing transparency, accountability, and flexibility in health care is the right thing to do. We have a system that incentivizes sickness over health, reaction over prevention, and bureaucracy over innovation. I've seen the toll it takes on families who can't afford or access the care they need despite having an insurance card. I've watched small business owners sacrifice their own paychecks to cover rising premiums for their employees. But I've also seen the hope that comes from empowering

individuals and businesses to make the right decisions. When small employers are given flexibility, they don't just survive; they thrive. They innovate. They create wellness programs, invest in their employees' health, and build stronger communities.

I believe in a future where health care isn't just about reacting to illness but about empowering individuals to achieve true wellness. Where small businesses have the tools, they need to offer meaningful, flexible benefits and be competitive. It's a future where transparency ensures fairness, competition drives costs down, and patients are finally at the center of care.

Thank you for the opportunity to share my perspective. I look forward to answering your questions and working together to achieve this vision.