



180 5th St. E. Ste. 260
St. Paul, MN 55101

651-293-1283
NFIB.com/MN
Twitter: @NFIB_MN

April 6, 2022

Re: House File 4706-A22 (Liebling)

Dear Members of the House Health Finance & Policy Committee,

The National Federation of Independent Business (NFIB) is the largest small business organization in Minnesota, with over 10,000 members in every corner of the state. Over 75% of our members have fewer than 10 employees and our mission is to advocate for Main Street.

NFIB opposes House File 4706-A22. At a time when small businesses are already struggling to maintain an important employee benefit, this bill would make employer-sponsored health coverage even less affordable for small employers and their employees. Further, it pursues a future that could leave many Minnesotans without private health insurance options.

Higher Health Insurance Costs. This bill will increase the cost of employer-sponsored health insurance, a bad outcome for small businesses and their employees.

As noted in our letter to this committee on March 2, 2022, health insurance costs are a top concern for small employers. In fact, it was the number one small business problem in NFIB's [most recent edition of *Small Business Problems & Priorities*](#) – as it's been for the previous 29 years.

Due to rising costs, it is increasingly difficult for small businesses to continue offering a benefit that is crucial to competitiveness. According to the Minnesota Department of Health (MDH), the share of Minnesotans [insured through small groups](#) declined from 11% to 8% from 2010-2019.

In particular, Article 6 imposes severe restrictions on employer-sponsored health plan design and provider networking that will make it even harder for small businesses to control costs. Networks that meet adequacy requirements are one of the few healthcare cost containment tools still available to small employers under state or federal law.

As an example, the bill's any willing provider mandate for clinician-administered drugs – [one of the most expensive](#) categories of healthcare spending – will increase healthcare costs even more.

In an October 2021 report, the Employee Benefit Research Institute [observed the importance](#) of provider networks in managing clinician-administered drug costs:

"[A]nnual per-patient spending was higher in hospital outpatient departments than in physician offices for all but two of the 72 physician-administered outpatient drugs.... Ultimately, employers and workers bear the brunt of cost differences when hospital outpatient departments perform services that can be provided in less costly physician offices..."

Public Option: NFIB is deeply concerned that a public option would further compromise the viability of the private insurance marketplace and would result in restricting choice to a single plan: the government-sponsored plan. Small businesses believe that a truly competitive and reformed private insurance market can best provide small business owners and their employees with greater affordability and a sustainable choice of plans.

The public option does not offer novel solutions for rising healthcare costs, deductibles, or premiums, only government mandates and payment rates.

A public option means more people enrolled in low reimbursement government plans and higher costs for remaining commercial market health insurance policyholders. In 2017, [the Minnesota Hospital Association](#) cited low reimbursements in its opposition to the public option:

"State public health care programs currently pay providers about half of what a commercial plan pays. In addition, this proposal could entice people out of the small group market because of the lower-priced MinnesotaCare insurance product further constricting the individual market."

Lower reimbursement rates will likely make it even harder to access care in rural areas, where there is already a "severe shortage of all provider types," [according to MDH](#).

The first state-based public option experiment has fared poorly to date. Washington state's public option plans suffer from low enrollment – according to an [February 2021 NPR report](#), only 1% of individual market enrollees selected a public option plan in 2021 – and disinterest from providers due to reimbursement rates capped at 160% of Medicare rates. In late 2021, state lawmakers approved a \$50 million subsidy in an attempt to make public option plans more attractive.

Respectfully, we hope the committee will reject the high-cost, mandate heavy approach in HF 4706-A22. Instead, we urge lawmakers to build off proven solutions to make healthcare more affordable for small businesses and their employees.

Sincerely,



John L. Reynolds
Minnesota State Director
National Federal of Independent Business
john.reynolds@nfib.org
(651) 293-1283