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**Senate File 3532 (Morrison)**

Dear Chair Klein and Senate Commerce Committee Members,

The National Federation of Independent Business (NFIB) represents over 10,000 small businesses across Minnesota. Our mission is to promote and protect the right of our members to own, operate, and grow their businesses.

NFIB Minnesota appreciates the opportunity to comment on SF 3532. Health care coverage is a critical employment recruitment and retention tool. Higher health care costs are detrimental to small business competitiveness and survival.

Lawmakers on both sides of the aisle frequently bemoan the rising cost of health coverage, then seek to limit the health care cost control tools used by small employers. This has contributed to a 47% decline in the number of people with small group coverage – the market that serves small employers and employees – from 2007 to 2021. *MDH Health Economics Program; Health Plan Financial and Statistical Report (2007-2021)*.

Since 1991, health insurance costs have been the top problem for small businesses in NFIB's *Small Business Problems & Priorities*. Further restricting cost control tools for many of the most expensive procedures and prescription drugs, as this proposal does, will only worsen this trend for small employers.

Moreover, this proposal will allow certain healthcare systems to bypass the cost containment process if they have “an authorization rate in the 70<sup>th</sup> percentile or greater.” This means providers who get it wrong three or four times out of ten will receive less vetting for expensive services and drugs. If small businesses get it wrong 30% or 40% of the time, they don’t get special treatment. They go out of business.

We urge the committee to focus on solutions that help patients get access to the most cost-effective care without further harming small employer health coverage affordability.

A handwritten signature in dark ink, appearing to read "John L. Reynolds".

John L. Reynolds  
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