



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

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

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Health Insurance Mandates & Restrictions on Health Care Cost Control Tools

Dear Chair Wiklund and Senate Health and Human Services 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 the insurance proposals before the committee today. When state lawmakers mandate coverage requirements and limit cost control tools, it has an outsized negative impact on the small group and individual markets – the most common places for small employers and their employees to get coverage.

Since 1991, health insurance costs have been the top problem for small businesses in NFIB's *Small Business Problems & Priorities*. In Minnesota, a steady increase in healthcare costs over the past two decades has contributed to a staggering 47% decline in the number of people with small group coverage from 2007 to 2021. *MDH Health Economics Program; Health Plan Financial and Statistical Report (2007-2021)*.

Increasing state mandated coverage requirements for commercial health plans will only worsen this trend for small employers.

Health care coverage is a critical employment recruitment and retention tool. Higher health care costs are detrimental to small business competitiveness and survival.

While state mandates reach the dwindling fully insured market – including small group coverage – they generally do not apply to the self-insured market, which is largely exempt from state regulation under federal law. As the self-insured market primarily serves larger businesses, a more expensive fully insured market makes it even harder for small employers to maintain coverage and compete with bigger businesses for workers.

Lawmakers should instead use existing state funds to address specific gaps in a targeted manner and avoid further harming small employer health coverage affordability.

A handwritten signature in dark ink, appearing to read 'John L. Reynolds', with a stylized, flowing script.

John L. Reynolds
Minnesota State Director
National Federation of Independent Business
john.reynolds@nfib.org