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July 26, 2023

The Honorable Jason Smith  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Richard Neal  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Chairman Smith, Ranking Member Neal, and Members of the House Ways and Means Committee,

The National Federation of Independent Business (NFIB), the nation's leading small business advocacy organization, welcomes your efforts to enact legislation that would increase competition in our healthcare system and lower costs for small business owners and their employees.

For over 40 years, NFIB members have identified the rising cost of health insurance as their top concern.<sup>1</sup> Furthermore, 98% of small employers are concerned that the cost of providing health insurance to their employees will become unsustainable in the next 5-10 years.<sup>2</sup>

Small business owners are forced to make difficult decisions in response to this unaffordability crisis. The percentage of small businesses offering health insurance has dropped dramatically in the last decade. Meanwhile, the businesses offering coverage have no choice but to pass the costs along to their customers. Nearly half of small employers (46%) report raising their prices to keep up with rising health insurance costs. Moreover, almost half of small employers now earn less due to health insurance premium increases over the last five years.<sup>3</sup> Since 2014, some counties nationwide have witnessed small business premiums skyrocketing to 130%.<sup>4</sup>

That is why NFIB welcomes many of the reforms in H.R. 4822, the *Health Care Price Transparency Act*, which would take an important step towards promoting transparency and competition in the healthcare system.

Small businesses support price transparency. In a recent NFIB member ballot, more than three-quarters (77%) of small business owners support requiring insurers to provide price information for

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<sup>1</sup> Holly Wade & Andrew Heritage, NFIB Research Center, *Small Business Problems and Priorities*, 2020, <https://assets.nfib.com/nfibcom/NFIB-Problems-and-Priorities-2020.pdf>

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Internal Revenue Service. (2022) Instructions for Form 8941, *Credit for Small Employer Health Insurance Premiums*. pp. 10-30 <https://www.irs.gov/pub/irs-pdf/i8941.pdf>

healthcare services. And small businesses can benefit greatly from greater price transparency. When healthcare providers and insurers are required to disclose the costs of their services and treatments, small businesses can make better-informed decisions about which plans and providers to choose. This enables them to negotiate better rates with their insurers and avoid overpaying for healthcare services.

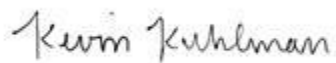
Additionally, small business owners would benefit from moving the commercial market toward site-neutral payment policies, which studies find would reduce health expenditures and result in lower premiums and cost-sharing.<sup>5</sup> Promoting fair billing practices by hospital outpatient departments to reflect the proper site-of-care would prevent further consolidation and result in lower costs that result from unnecessary hospital fees.

The same is true of Pharmacy Benefit Managers (PBMs), which continue to consolidate further and negatively impact employers and their employees through higher costs. The three largest PBMs control at least 80% of the health plan pharmacy benefit market,<sup>6</sup> and control, through PBM-affiliated pharmacies, more than 65% of total prescription revenues (\$122.2 billion in 2021) from pharmacy-dispensed specialty drugs. In contrast to other claims that consolidation would help consumers with greater efficiencies and lower prices, it has only resulted in less transparency and made the system more opaque. Increasing transparency and providing small business owners with detailed information about drug pricing, rebates, and discounts, will allow them to make better-informed decisions, negotiate better deals, and ultimately reduce prescription drug costs for their employees.

Small business owners support increased competition. In a recent NFIB member ballot, more than 80% of small business owners support legislation to rein in healthcare consolidation and anti-competitive business practices.

We appreciate your commitment to advancing these vital policy issues and look forward to working with you to protect and defend the small business community.

Sincerely,



Kevin Kuhlman  
Vice President, Federal Government Relations  
NFIB

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<sup>5</sup> Committee for a Responsible Federal Budget. (2018). Moving to Site-Neutrality in Commercial Insurance. Retrieved from <https://www.crfb.org/papers/moving-site-neutrality-commercial-insurance>.

<sup>6</sup> 1 Fein, A. (2022). DCI's Top 15 Specialty Pharmacies of 2021—And Three Factors That Will Reshape 2022. Drugchannels.net.