

TESTIMONY BEFORE THE UNITED STATES CONGRESS  
ON BEHALF OF THE  
**NATIONAL FEDERATION OF INDEPENDENT BUSINESS**



Statement for the Record of Tyler Dever  
Principal, Federal Government Relations

United States House of Representatives  
Committee on Ways and Means

Full Committee Hearing with Health System CEOs

April 28, 2026

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

Chairman Smith, Ranking Member Neal, and distinguished Members of the Committee:

On behalf of NFIB, the nation's leading small business advocacy organization, thank you for the opportunity to submit this statement for the record on the growing impact that hospital system consolidation is having on health care affordability.

Small businesses employ nearly half of the private-sector workforce and generate 44% of U.S. economic activity, yet they face some of the greatest challenges in providing health benefits.<sup>1</sup> For more than 40 years, small business owners have consistently identified rising health care costs as their top concern.<sup>2</sup> Today, only 32.2% of small employers are able to offer coverage, largely due to unsustainable premium increases.<sup>3</sup>

These unsustainable cost increases leave small businesses in a bind. The ability of small businesses to offer health insurance has declined since the passage of the Affordable Care Act (ACA), while 96% of their larger competitors are able to offer the benefit.<sup>4</sup> This leaves small businesses at a competitive disadvantage in attracting and retaining employees, and their ability to grow.

Congress must address the rapid cost increases in health care. It must eliminate laws and mandates that drive up the cost of care, fuel industry consolidation and reduce competition. Congress should begin by closely examining the role of industry consolidation, particularly among hospital systems. Hospital prices have increased at rates that far exceed both inflation and wage growth.<sup>5</sup> Americans now spend approximately \$1.6 trillion annually on hospital care, which is approximately a third of all health care spending.<sup>6</sup>

As a first step, Congress must eliminate ACA mandates that limit flexibility in the small group market, which could allow for more tailored and lower-cost coverage options. Additionally, Congress must remove restrictions on physician-owned hospitals to encourage new market entrants, increase competition, and generate innovation in the health industry. Congress should also pursue site-neutral payment reforms to eliminate reimbursement disparities across care settings, a step that would reduce incentives for consolidation and align payments more closely with the value of services provided.

The ACA has fueled the rapid cost increases and industry consolidation observed over the last two decades. The ACA imposed many new mandates that increased costs, reduced flexibility and limited lower-cost coverage options for small businesses. The law has also constrained insurers'

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<sup>1</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>2</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>3</sup> Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey, Insurance Component (MEPS-IC), 2024.

<sup>4</sup> *Id.*

<sup>5</sup> John R. Graham, The Hospital Cost Crisis: How Government Policies Drive Consolidation, Undermine Competition, and Fuel Soaring Prices, April 2026, <https://paragoninstitute.org/private-health/the-hospital-cost-crisis-how-government-policies-drive-consolidation-undermine-competition-and-fuel-soaring-prices/?nab=0>.

<sup>6</sup> *Id.*

ability to price plans based on risk, which was historically used as an important tool for small employers to manage costs. While large corporations have the scale to adapt, small businesses have been left navigating a more rigid, complex, and expensive marketplace.

A great example of how the ACA's burdensome mandates are harmful to small businesses is the Medical Loss Ratio (MLR) requirements. By capping the percentage of premium revenue insurers can retain for administrative costs and profit, MLR rules encourage enormous health system footprints and reduce incentives for any industry insiders to push back on rising costs. As hospital systems grow larger and command higher reimbursement rates, those costs are passed through into premiums, increasing the burden on small employers.

As the Wall Street Journal Editorial Board argued in 2023, "It's a familiar story: Big government intervention creates incentives and raises costs that help big business, and then politicians demand more government intervention to fix the distortions they caused."<sup>7</sup> Small businesses know that until Congress addresses the root causes of exploding health costs, any "reform" efforts amount to simply rearranging deck chairs on the Titanic."

In addition, the ACA curtailed the growth of physician-owned hospitals, which previously served as an important source of competition. By restricting new physician-owned facilities from fully participating in Medicare, the law reduced market entry, limited innovation, and weakened a key competitive check on hospital pricing.

The absence of site-neutral payment policies creates another hurdle to health care affordability. Current reimbursement structures often allow hospitals to charge significantly more for the same service when it is delivered in a hospital-owned setting rather than a private physician's office. This disparity creates strong incentives for hospitals to acquire independent practices and reclassify sites of care to receive higher payments, which ends up adding more fuel to the fire of industry consolidation.

For small business owners, the consequences are severe. As independent practices disappear, lower-cost care settings are replaced by higher-priced hospital-owned facilities. Unlike large corporations, small businesses lack the power to negotiate favorable rates, making them especially vulnerable to the pricing power of consolidated systems. When combined, all these factors reinforce one another. Acquisitions expand access to higher reimbursements, regulatory mandates limit competition, and care shifts toward higher-cost settings without corresponding improvements in quality. The result is a continuous cycle of rising prices, declining competition, and reduced affordability.

Small businesses are the backbone of the American economy, but they cannot continue to absorb escalating health care costs driven by policies that limit competition and benefit larger businesses. Restoring a more competitive health care marketplace is critical to improving affordability and ensuring that small business owners can continue to provide health coverage for their employees.

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<sup>7</sup> Editorial Board, *Wall Street Journal*. Nov. 23, 2023. "Elizabeth Warren Has an ObamaCare Epiphany." <https://www.wsj.com/opinion/obamacare-medical-loss-ratio-elizabeth-warren-mike-braun-letter-healthcare-pbm-af77e284?msocid=3efaf226485565230208e7e7493964c4>.

Sincerely,

A handwritten signature in black ink that reads "Tyler Dever". The signature is written in a cursive, flowing style with a large initial 'T' and 'D'.

Tyler Dever  
Principal, Federal Government Relations  
NFIB