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Testimony of
Christopher Carlozzi, NFIB State Director
In Opposition to House Bill No. 8072
An Act Relating to State Affairs and Government – Health Insurance Oversight
Before the House Committee on Health and Human Services
May 9, 2024

Chairwoman Donovan and Members of the House Committee on Health and Human Services:

My name is Christopher Carlozzi. I am the Rhode Island State Director for NFIB. A non-profit, non-partisan organization, NFIB is the nation's and our state's largest small business advocacy group. In Rhode Island, NFIB represents hundreds of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has five employees and annual gross revenues of about \$450,000. NFIB represents the small Main Street business owners from throughout Rhode Island. On behalf of those small and independent business employers, I urge you to oppose House Bill No. 8072 that will drive up the cost of health insurance for Rhode Island small businesses.

According to projections, House Bill No. 8072 is expected to raise health insurance premium expenses for small employers significantly. It seeks to increase doctor and hospital reimbursement rates to bring Rhode Island more in line with Connecticut and Massachusetts. This proposal is anticipated to cost insurers \$500,000,000 by 2028, which will be passed on to small business employers and their workers, through a series of premium increases.

Every four years NFIB surveys our small business members nationwide to determine our list of *Problems and Priorities* and for more than 29 years the cost of healthcare tops that list. At the time of the survey, premium costs had risen more than 40% over the course of a decade for employers' offering coverage. A completely unsustainable scenario on both the businesses' bottom line, and the employer's ability to attract workers.

Unfortunately, the challenge to offer affordable health plans to workers is not the only problem small businesses face right now.

According to the NFIB Research Foundations latest Optimism Index and Jobs Report, some conditions are improving but:

- 37% of employers still have open positions.
- Of those 56% trying to hire for their open positions, 91% struggle to find qualified workers.
- 38% also report higher selling prices due to inflationary conditions.

- 36% of owners raised compensation...with another 21% planning to do so over the next few months.
- The Tax Foundation ranks Rhode Island 41st in the nation for business tax climate, including 49th in the nation for unemployment taxes.

This bill attempts to seek rate parity with Massachusetts. No state should attempt to emulate Massachusetts, which has some of the highest health costs in the nation. During the 2024 Health Policy Commission hearing to set the health growth benchmark in Massachusetts, it was noted that the state far exceeded their 3.6% health growth target at a whopping 5.8%. We cannot allow Rhode Island to follow Massachusetts as one of the highest costs states for small business health expenses in the nation. The state's small businesses and their workers already pay too much for health insurance. House Bill No. 8072 will only make matters worse. According to Blue Cross & Blue Shield, individuals may experience annual premium increases of \$1,004 in 2025, \$1,074 in 2026, \$1,150 in 2027, \$1,230 in 2028, \$1,316 in 2029, and \$1,408 by 2030. The projected price hikes would be even more expensive for small businesses.

Business owners in every sector and industry are running out of options as the cost of care becomes less and less attainable for smaller businesses. This acts as a hiring challenge in this hyper competitive labor market where employers need a robust benefit package to attract workers. Instead, they are forced to present prospective employees with increased cost sharing, high deductibles, and more out of pocket costs, not the most appealing offer for a worker seeking employment.

When the cost of offering health insurance rises, it means a reduction in the other perks offered to a workforce, whether that be 401Ks, time-off, or other fringe benefits, small business budgets are only so big. These small manufacturers, shops, hotels, and service providers are often excellent places to work and provide the best employment fit for workers in Rhode Island, but they must have health insurance options that work for their budgets (and their workers' budgets).

We ask that you oppose House Bill No. 8072, legislation that will allow higher health costs to be passed to small businesses and makes health affordability an even larger challenge for Rhode Island employers. Thank you.