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Testimony of
Christopher Carlozzi, NFIB State Director
House Bill Nos. 5253, 5432, 5850, 5854, and 6061
Relating to Various Health Insurance Mandates
Before the Senate Committee on Health and Human Services
March 18, 2025

Chair Murray and Members of the Senate Committee on Health and Human Services:

My name is Christopher Carlozzi. I am the Rhode Island Director of the National Federation of Independent Business (NFIB). A non-profit, non-partisan organization, NFIB is the nation's and Rhode Island'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. In short, NFIB represents the small Main Street business owners from across the state. On behalf of those small and independent business employers in Rhode Island, I raise serious concerns with the various mandate proposals being heard today which will add to the cost of health insurance, particularly for small businesses.

It is imperative that the legislature focus on the affordability of healthcare for small employers. Healthcare costs remain one of small business owners' largest problems and a major impediment to job growth for employers. In fact, Rhode Island small businesses find it increasingly difficult to offer affordable health coverage for their workforce.

A newly released NFIB health care policy paper entitled, "[Addressing the Health Insurance Affordability Crisis for Small Businesses](#)" reveals a dire prognosis as employer-provided health coverage is becoming unsustainable for millions of small businesses and their employees.

Key findings from the report:

- The small-group market is in freefall, with enrollment plummeting from 15 million individuals in 2014 to just 8.5 million in 2023, a 44% drop.
- Average premiums for small businesses have skyrocketed: Average single plan premiums have gone up 120% in the last two decades, while average family plan premiums have increased by 129% for firms with 50 or fewer employees.
- Only 30% of small businesses still offer health insurance, down from nearly 50% in 2000.

- Ninety-eight percent of small businesses say they are concerned about whether they will be able to afford to continue offering health insurance in the next five years.
- Small businesses pay twice as much for health insurance as large businesses, firms with less than \$600,000 in revenue spend nearly 12% of payroll on health benefits, compared to 7% for firms with over \$2.4 million in revenue.

It is recommended that any newly proposed health care mandate be provided with a cost-benefit analysis by the Office of the Health Insurance Commissioner. The review should include the cost of the proposed mandate, a cost-benefit analysis of the mandate, possible less costly alternatives to the mandate, and whether the mandate should be time limited and reviewed regularly. A cost-benefit review process for new mandates protects consumers by ensuring them access to affordable insurance and a wider choice of insurance products. Reviewing proposals that would add to the cost of basic health insurance policies and elimination of ineffective but costly mandates is essential for affordable health care for small businesses and their workers.

Rhode Island already has a wide range of state-mandated requirements that go beyond federal essential benefits. Most important to understand is that these mandates fall disproportionately on small business. Businesses that are large enough to self-insure or are multi-state or multi-national companies do not abide by state mandates as they are regulated by federal ERISA law. That is why, while recognizing the political attractiveness of new mandates and the number of new mandate proposals in every legislative session, NFIB asks that the cost of these new benefits be provided to understand the full impact on health insurance premiums for small employers.

NFIB urges you to oppose adding any new health care mandates without assessing the cost impact, the availability of alternatives, and sunset provisions. Thank you.