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March 1, 2022

Re: House File 3280/Senate File 3265

Dear Representative Freiberg and Senator Koran,

The National Federation of Independent Business (NFIB) is the largest small business organization in Minnesota, with over 10,000 small business members in every corner of the state. Over 75% of our members have fewer than 10 employees and our mission is to advocate for Main Street businesses.

NFIB opposes H.F. 3280/S.F. 3265 in its current form due to the likelihood that it will increase the cost of providing employer-sponsored health coverage. By restricting how employer-sponsored health plans design provider and pharmacy networks, the bill makes it harder for small businesses to control healthcare costs and more difficult to continue offering a benefit that is crucial to competitiveness.

Networks that meet adequacy requirements are one of the few healthcare cost control tools still available to small employers under state or federal law. This legislation would effectively eliminate the ability of employers to utilize networks in managing the cost of clinician-administered drugs. These drugs are [an increasingly expensive](#) category of healthcare spending.

The Employee Benefit Research Institute [observed the importance](#) of managing clinician-administered drug costs in an October 2021 report: *"[A]nnual per-patient spending was higher in hospital outpatient departments than in physician offices for all but two of the 72 physician-administered outpatient drugs.... Ultimately, employers and workers bear the brunt of cost differences when hospital outpatient departments perform services that can be provided in less costly physician offices..."*

Health insurance costs are a top concern for small employers. In fact, the cost of health insurance was the number one small business problem in NFIB's [most recent edition of *Small Business Problems & Priorities*](#) – as it was in every edition for the previous 29 years.

Due to rising costs, it is increasingly difficult for small businesses to offer this important benefit. According to the Minnesota Department of Health (MDH), the share of Minnesotans [insured through small groups](#) declined from 11% to 8% between 2010 and 2019. From 2014 to 2020, [small group premiums increased](#) by a total of over 41% on average.

Respectfully, we urge you to shield small employers who are already struggling to maintain employee health coverage from higher costs under this proposal. Also, we encourage you to submit this bill to the recently established mandate review process at the Minnesota Department of Commerce.

Sincerely,

A handwritten signature in black ink, appearing to read 'JL Reynolds', with a stylized flourish at the end.

John L. Reynolds
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National Federal of Independent Businesses
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