



House Insurance Committee
Daniel S. Murray: State Director, NFIB-Kansas
Testimony in Opposition to Health Insurance Mandates
March 12, 2012

NFIB-KS advocates free-market reforms that allow small business owners to decide which benefits they can and cannot afford to offer.

Mr. Chair, Members of the Committee: My name is Dan Murray and I am the State Director of the National Federation of Independent Business-Kansas. NFIB-KS is the leading small business association representing small and independent businesses. A nonprofit, nonpartisan organization founded in 1943, NFIB-KS represents the consensus views of its over 4,000 members in Kansas. Thank you for the opportunity to comment on HB2764 and health insurance mandates.

Small business owners want to and do offer healthcare plans that cover a wide variety of benefits such as preventive care and cancer screenings. Providing these types of benefits is important to the productivity of NFIB members and their employees. However, NFIB continues to be greatly concerned by government imposed mandates that discourage consumer control and innovative health plan design.

While mandates make small business health insurance more comprehensive, they also make it more expensive. Mandates require insurers to pay for care consumers may have previously funded out of their own pockets, thereby raising the price of premium to cover the increased claims the insurer anticipates to take place as a result of the mandate.

In some markets, mandated benefits increase the cost of health insurance by as much as 45 percent. Mandating benefits is like requiring auto insurance to not only cover collisions and auto damage but to also pay for new tires, engine tune ups and oil changes. Imagine what an auto insurance policy would cost if that were the case.

Mandates, regardless of the form they take or how well intentioned, drive up the cost of health insurance, especially in the small 2-50 employee market where the cost of mandates hit the hardest. The exorbitant rise in small market health insurance has led to a steep drop in the number of small businesses who offer health insurance benefits. Since 1999, the percentage of small firms (3-24 employees) offering health benefits in 2000 was 50 percent. In 2011, that percentage had dropped to 38 percent, according to the Kaiser Family Foundation. Mandates will only exacerbate this problem.

All requests for insurance mandates, including the one proposed in HB2764, are wrought with heartfelt emotion. But, when contemplating proposed health insurance mandates, we urge you to consider the impact on small business and their ability to provide affordable health benefit packages that are tailored to their workforce needs.

Thank you for the opportunity to comment.