



THE TEXAS STATE CHAMBER

TAB's purpose is to champion the best business climate in the world, unleashing the power of free enterprise to enhance lives for generations.

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for 100 years

***March 5, 2025
Senate Health & Human Services Committee
Testimony in Opposition of Senate Bill 1122***

Chairwoman Kolkhorst, Vice Chairman Perry, and Members of the Committee,

TAB represents local chambers and businesses of all industries and sizes across the state. We advocate for pro-business policies that support economic growth, including preserving affordable, high-quality healthcare benefits for employers and employees. SB 1122 threatens this goal by significantly increasing costs for businesses, making it more difficult for Texas employers to provide competitive healthcare benefits. For this reason, we respectfully oppose SB 1122.

For nearly 50 years, ERISA (Employee Retirement Income Security Act of 1974) has ensured that employer-sponsored health benefits remain uniform, cost-effective and well-regulated across all 50 states. ERISA's framework allows employers to offer consistent, affordable benefits while meeting high standards for reporting, fiduciary responsibility, and disclosure. ERISA also grants employers flexibility in designing benefits that best meet their workforce's needs. This system has enabled Texas employers to offer comprehensive healthcare coverage to nearly 15 million Texans, often exceeding state-regulated insurance market standards.

SB 1122 would disrupt this well-established system, creating a patchwork of state regulations that drive up costs, complicate compliance, and reduce the affordability of employer-sponsored plans. The anticipated financial burden on Texas businesses is estimated at \$1 billion biannually.

Moreover, this bill would increase prescription drug costs for millions of Texas employees and their families. A recent TAB employer survey found that more than 85% view rising healthcare costs as unsustainable, jeopardizing their ability to provide quality benefits. These unintended consequences are counterproductive to TAB's goal of lowering healthcare costs and could force employers to cut benefits, shift costs to employees, or reconsider their operations in Texas.

Notably, the state itself would not impose these same mandates on its own employee health plans, such as TRS and ERS, due to the prohibited cost. If these policies are too burdensome and expensive for the state's own insurance plans, why should private-sector businesses be forced to absorb them? This double standard puts Texas employers at a severe disadvantage and undermines our state's reputation as a pro-business leader. At a time when Texas is touted as the 'Headquarters of Headquarters', thanks to Governor Abbott's leadership, why would we disincentivize companies from operating in or relocating to Texas?

Rather than imposing costly state mandates, we urge lawmakers to work with the business community to develop solutions that lower healthcare costs, promote transparency without excessive regulation, and encourage innovation while preserving employee choice. For the sake of Texas businesses and workers, we respectfully ask you to reject SB 1122 and instead pursue policies that lower healthcare costs without harming employers and employees.