



THE TEXAS STATE CHAMBER

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March 19, 2025

House Insurance Committee

Testimony in Support of Texas House Bill 138

Chairman Dean, Vice Chairman Vo, and Members of the Committee,

TAB is the state affiliate of the National Association of Manufacturers and the state Chamber of Commerce. We represent businesses across every industry, and our local chamber partners across the state. Our members range from small businesses to major corporations, all of whom rely on a stable and competitive business climate to grow and succeed.

Thank you for the opportunity to testify in support of HB 138, a crucial step towards increasing transparency and accountability to the legislative process when it comes to health insurance mandates. Today, I want to emphasize the urgent need for a clear, data-driven approach to understanding how state-mandated health insurance regulations are affecting Texas employers, employees, and consumers.

Texas has long been a leader in economic growth and business competitiveness, but the rising cost of health insurance and unchecked state mandates is now a significant challenge for many employers, harming their ability to compete with the cost of health insurance in other states. Over the last three years, employer healthcare spending surged by 16 percent, outpacing inflation and wage growth. Many businesses across the state are experiencing significant financial strain as a result of higher health insurance premiums, impacting 14 million Texans who receive healthcare from an employer.

Texas businesses understand the importance of offering health insurance with a recent TAB survey showing that 71 percent of employers identify it as the most essential benefit to attract and retain a skilled workforce. To navigate rising costs, many have turned to cost-containment strategies to incentivize enrollees to shop for affordable, quality care to reduce premiums for both employers and employees. However, their efforts are undermined each legislative session when new state mandates are passed without a comprehensive analysis of how they impact the private health insurance market.

While state health insurance mandates are well-intended by lawmakers, they come at a steep price. Employers bear the brunt of higher premiums, reduced flexibility, and complex compliance burdens. Alarmingly, more than 50 percent of Texas employers report that escalating healthcare costs have impeded with their ability to raise wages, hire new employees, and invest in growth. Overregulation is forcing employers to make difficult trade-offs, whether that means reducing benefits, passing costs onto employees, or even reconsidering whether to offer coverage at all.

This is particularly concerning in a state like Texas, where our economic vitality depends on the ability of employers to offer competitive benefits that attract and retain talent. Instead of focusing on growth and job creation, small businesses, often without dedicated administrative staff, must divert valuable resources towards navigating complex and costly insurance regulations.

Notably, small employers struggle the most to offer health benefits while remaining competitive. With only 27% of Texas small businesses able to offer health insurance, many are priced out of the market entirely. Consequently, this has led to a growing number of small and medium-sized employers turning towards self-insured health plans to escape burdensome state insurance mandates. Employers want to provide high-quality health coverage, but their options are diminishing.

This past February, I had the privilege of co-chairing the Small Business Freedom Council, a coalition dedicated to reducing excessive regulations, duplicative fees, and compliance burdens for small employers. Our findings underscore what we already know. Overregulation stifles entrepreneurship, discourages hiring, and prevents small businesses from growing.

Texas prides itself on being a pro-business state, yet we are witnessing firsthand how excessive regulation hinders the very innovation and job creation that drives our economy. We must prioritize policies that empower business, large and small, to innovate, create jobs, and remain competitive.

We are falling behind. Twenty-nine states have already established an independent, expert-level review process to analyze the cost impact and public benefits that legislative proposals may have on their state's healthcare coverage. At a time when the Texas Legislature is focused on lowering costs, reducing excessive regulations, and ensuring access to quality coverage, HB 138 would complement those goals.

Employers are increasingly concerned about the long-term sustainability of providing health benefits and the rising cost of care is pushing them toward a breaking point. Without policies that rein in healthcare costs and assess their financial impact on the private sector, businesses will be forced to make difficult choices.

We urge this committee to support HB 138. Now is the time to implement a data-driven, transparent review process that protects Texas businesses, employees, and families from unchecked cost increases. By passing this legislation, Texas can uphold its pro-business values while ensuring sustainable, affordable access to employer-provided health coverage.