



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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*March 26, 2025*

*House Insurance Committee*

*TAB Testimony in Support of Texas House Bill 139*

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

Before I begin, I want to sincerely thank Chairman Dean for his leadership on House Bill 139. His commitment to supporting small businesses and expanding access to affordable healthcare is deeply appreciated by the business community.

I'm here today to voice our strong support for House Bill 139, a bill that has been historically supported by our local chambers and employers across the state. This legislation speaks directly to one of the most pressing and persistent challenges Texas businesses face: the rising cost of providing health insurance.

When I speak with business owners, particularly small and medium-sized employers, the story is all too familiar. For many, it is no longer a question of what kind of health benefits they can offer. It is whether they can offer any at all. The decision has become a painful choice between doing right by their employees and staying afloat financially.

Texas is rightly known for being the best state in the nation to do business. But it also holds another, far less enviable distinction: we lead the nation in the number of uninsured residents. That is not a coincidence, it is a consequence of a system that is increasingly unaffordable, inflexible, and out of reach for many.

According to Mercer, this will be the third consecutive year that employer health benefit costs have risen by more than 5 percent. That level of increase is not sustainable for businesses, nor for the workers who depend on them for care.

One of the biggest drivers behind these rising costs? State-mandated benefits. We have a Texas-sized mandate problem, ranking third nationally for the number of state mandates that go beyond federal requirements. Each one adds costs, regardless of whether the coverage is relevant or needed by every employer or employee.

And yet, the State of Texas exempts many of these same mandates from its own employee health plans. Why? Because they are too expensive to maintain. If the state recognizes that reality, it is hard to justify requiring the private sector to absorb those same costs without the same flexibility.



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The result is predictable and harmful. Small employers are disproportionately priced out of the market. Some are forced to drop coverage altogether. Others shift to self-funded plans, not necessarily because they want to, but because it is the only option left to avoid costly mandates and counter rising costs.

Public sentiment aligns with this concern. In a recent TAB survey, more than 73 percent believe the Legislature should give employers and individuals the choice to purchase more affordable health plans without additional state-imposed mandates that exceed federal requirements. The message is clear: affordability matters. And when it is out of reach, people go uninsured.

House Bill 139 offers a sensible and necessary solution. It would allow health plan issuers to offer “mandate-lite” group plans that still meet all essential health benefits required under federal law. It does not eliminate critical coverage, it simply provides employers with more flexibility to offer plans that fit their financial reality and the needs of their workforce.

The bill introduces greater choice and competition in the marketplace. With clear disclosure requirements, employees will be able to make informed decisions and those who desire additional coverage will still have access to supplemental options. In return, employers will be better positioned to attract and retain talent by offering affordable, meaningful benefits, something that shouldn't be a luxury in today's economy.

This approach is not without precedent. In the 87<sup>th</sup> Legislature, this legislative body passed HB 3924, allowing the Texas Farm Bureau to offer mandate lite health coverage, providing rural communities with greater access to affordable insurance. HB 139 builds on that success and extends a similar option to all employers across the state.

The ability to provide health benefits should not be an all-or-nothing decision dictated by rigid government mandates. HB 139 puts control back in the hands of employers and employees, restoring balance to a system that desperately needs it.

On behalf of the Texas Association of Business and our statewide network of job creators, I respectfully urge the committee and the full Legislature to support HB 139. Let's give Texas businesses the tools they need to stay competitive and support the health and well-being of the hardworking Texans who drive our economy forward.