



6 Beacon Street
Suite 625
Boston, MA 02108
617-482-1327
NFIB.com

Testimony of

Christopher Carlozzi, State Director, NFIB
Cost Growth Benchmark Hearing
Before the Joint Committee on Health Care Financing and
The Massachusetts Health Policy Commission
March 13, 2025

Chair Friedman, Chair Lawn, Chair Devaux, Members of the Joint Committee on Health Care Financing, and Members of the Health Policy Commission:

My name is Christopher Carlozzi. I am the Massachusetts Director of the National Federation of Independent Business. A non-profit, non-partisan organization, NFIB is the nation's and our state's largest small business advocacy group. In Massachusetts, NFIB represents thousands of small and independent business owners involved in all types of industry, including manufacturing, retail, wholesale, service, and agriculture. The average NFIB member has five employees and annual gross revenues of about \$450,000. In short, NFIB represents the small Main Street business owners from across our state.

In March of 2025, NFIB released a new health care policy paper entitled, "[Addressing the Health Insurance Affordability Crisis for Small Businesses](#)." While our merged market makes Massachusetts somewhat unique, the findings of this nationwide report reveal a dire prognosis as employer-provided health coverage is becoming unsustainable for millions of small businesses and their employees.

Key findings from the report:

- The small-group market is in freefall, with enrollment plummeting from 15 million individuals in 2014 to just 8.5 million in 2023, a 44% drop.
- Average premiums for small businesses have skyrocketed: Average single plan premiums have gone up 120% in the last two decades, while average family plan premiums have increased by 129% for firms with 50 or fewer employees.
- Only 30% of small businesses still offer health insurance, down from nearly 50% in 2000.
- Ninety-eight percent of small businesses say they are concerned about whether they will be able to afford to continue offering health insurance in the next five years.

- Small businesses pay twice as much for health insurance as large businesses, firms with less than \$600,000 in revenue spend nearly 12% of payroll on health benefits, compared to 7% for firms with over \$2.4 million in revenue.

The data from our policy paper corresponds with the findings of the Center for Health Information and Analysis annual reports, showing a massive reduction in small group lives covered by employers. CHIA data shows that since 2007, more than 500,000 lives are no longer a part of small group coverage within the Massachusetts merged market.

Additionally, NFIB surveyed our Massachusetts members earlier in the month asking whether their 2025 premiums increased, decreased, or stayed the same. One hundred percent of survey respondents stated their premiums were set to increase. On average, our members reported an 11% increase for 2025, in past years the average ranged from 9 to 13%. Below are a sample of the comments from beleaguered business owners:

“It’s unbelievable. Every year there is an increase to health insurance which is already unaffordable. We pay \$2,300.94 a month for a family plan (\$27,611.28 annually) and \$807.35 a month for an individual plan (\$9,688.20 annually). Our company pays 33% for a family plan, 50% for an individual plan.”

“Our company pays 100% of employee health insurance premiums, and it is becoming impossible to keep pace with the annual premium increases.”

“This years’ increase was half of what last years’ was (last year was 16% and we had to switch our plan) so at least this year we didn’t have to switch our plan. However, yearly increases like this are completely unsustainable; I fear this time of year, every year, as a business owner.”

These types of comments are not exclusive to this year with similar responses having appeared in past surveys, as well as concerned members reaching out to our office almost daily on this issue. It is disheartening to hear just how difficult it is for our members to offer an affordable health benefit to their workers. As both NFIB’s policy paper and CHIA data exhibit, it is resulting in employers no longer offering coverage, in what many describe as a “death spiral,” for the small group market.

Every four years NFIB surveys our small business members across the United States to determine our list of top Problems and Priorities and since 1986 the cost of healthcare has topped that list. And when the cost of offering health insurance rises for small businesses, it means a reduction in the other incentives offered to their workers like 401Ks, time-off, or other benefits.

According to the NFIB Research Foundation’s latest Optimism Index and Jobs Report, some conditions are improving but:

- 38% of employers still have open positions.
- Of those, 53% are attempting to hire but 89% struggle to find qualified workers.
- 29% of owners are planning to raise consumer prices in the next three months.

According to WalletHub, Massachusetts has the 6th highest energy costs in the nation. The Tax Foundation ranks Massachusetts 41st worst in the nation for tax competitiveness. In January, employers were saddled with a \$2.1 billion bill for a state unemployment insurance error, on top of some of the worst UI taxes in the nation and a Covid 19 assessment. Massachusetts small businesses cannot continue operating with so many “highest cost in the nation” categories. Health spending has far exceeded the cost growth benchmark this year again, and small businesses often bear the brunt of

these premium hikes. These small manufacturers, shops, hotels, and service providers are often excellent places to work, but can no longer offer affordable health coverage.

Lawmakers must examine the impact of the merged market on smaller employers. Why are they consistently experiencing double digit premium increases? What effect did the phase out of key rating factors have on small businesses? Why is cross-subsidizing occurring, providing lower rates for individuals while small employers' costs sky rocket? Elected officials must also refrain from passing new mandates that are an ever-growing portion of every premium dollar. There are now more than 50 state-mandated health benefits in Massachusetts that extend beyond what the Affordable Care Act requires. While large, self-insured businesses are immune to the impact of the many health mandates enacted on Beacon Hill, smaller businesses are forced to absorb the exorbitant cost.

If the rhetoric about making Massachusetts a more competitive and affordable place to live and run a business is sincere, that means finally tackling health costs for small businesses so they can offer their workforce affordable health insurance benefits like larger employers and the public sector enjoy.