



Written Statement for the Record Before the U.S. House Committee on the Budget “Reverse the Curse: Skyrocketing Health Care Costs and America’s Fiscal Future”

January 21, 2026

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Dear Chairman Arrington, Ranking Member Boyle and members of the U.S. House Committee on the Budget:

As a leading representative of America’s 36 million small businesses, Small Business Majority is pleased to submit this written statement for the record to the U.S. House Committee on the Budget regarding the ways in which Congress can address skyrocketing healthcare costs that continue to cripple small businesses and entrepreneurs nationwide.

Small Business Majority is a national small business organization that empowers America’s diverse entrepreneurs to build a thriving and equitable economy. From our 11 offices across the country, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enables us to educate stakeholders about key issues impacting America’s entrepreneurs, with a special focus on the smallest, most under-resourced businesses.

Rising healthcare costs remain a key barrier for small businesses and entrepreneurs

Access to affordable, quality health insurance is essential to the growth and success of small businesses nationwide, as it not only allows entrepreneurs to pursue their ventures with the security of insurance coverage but also helps small businesses attract and retain talented employees. However, due to the skyrocketing cost of employer-sponsored coverage options, most of our nation’s smallest businesses cannot afford to offer health insurance to their employees. In fact, while nearly all (96%) employers with 50 or more employees offered healthcare insurance to their employees in 2024, just 32% of businesses with fewer than 50 employees were able to do the same.¹

Small Business Majority’s national healthcare polling found that among small businesses that offer employee coverage, rising costs, such as premiums, deductibles, copays and hospital visits, are significantly impacting their bottom line and forcing owners to make difficult decisions that affect their employees’ wellbeing.² Our polling found that small businesses were most likely to address rising costs by increasing employee contributions to health plans, moving to plans that offer more limited coverage, cutting other employee benefits or dropping healthcare coverage altogether. This not only creates a competitive disadvantage for our nation’s smallest businesses as they continue to struggle to hire and

¹ “Percent of Private Sector Establishments That Offer Health Insurance to Employees, by Firm Size.” KFF.
<https://www.kff.org/state-health-policy-data/state-indicator/firms-offering-coverage-by-size>

² “Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions.” Small Business Majority. February 21, 2024. <https://smallbusinessmajority.org/our-research/healthcare/small-businesses-struggling-rising-healthcare-costs-support-bipartisan-policy-solutions>

retain qualified workers, but forces millions of small business owners and employees to find coverage elsewhere or simply go uninsured.

Small businesses back bipartisan proposals that promote competition in healthcare markets to help rein in rising healthcare costs

Small Business Majority commends the U.S. House of Representatives for passing a three-year extension of the Affordable Care Act's (ACA) enhanced premium tax credits (EPTCs) earlier this month, but the Senate's inaction has left millions of small business owners, self-employed entrepreneurs, and small business employees who depend on the ACA Marketplace vulnerable to significant premium increases this year.³ While enacting a clean, three-year extension of the EPTCs remains one of the most immediate ways lawmakers can protect Main Street from devastating premium increases, Congress must also address the root causes of the nation's healthcare crisis by advancing the following bipartisan proposals that increase competition among healthcare providers and lower costs for consumers and small businesses alike:

- **Pass the Patients Deserve Price Tags Act (H.R. 5582/S. 2355):** A major driver of rising healthcare costs is the growing consolidation within the industry, which has largely resulted in higher prices for consumers and small businesses with no apparent improvements in service or outcomes. This trend has been driven by the persistent lack of price transparency in the healthcare industry, which has effectively eliminated consumer choice and allowed healthcare providers to charge more for the services they provide. While most industries publicly post prices, healthcare remains a notable exception—leaving consumers in the dark about the true cost of care until the bill arrives and prompting small business owners to question why they expected to be transparent about the pricing of their products or services while healthcare providers are not. As a result, 96% of small business owners say that healthcare providers should be required to publicly post the prices they charge for services.⁴ We urge Congress to pass the bipartisan, bicameral Patients Deserve Price Tags Act to codify and strengthen existing healthcare price transparency rules for providers and health plans. Pulling back the curtain on the true cost of health services will not only lower costs for patients and consumers through improved consumer choice and competition, but will also provide small business owners with critical data that allows them to purchase more cost-friendly plan options that fit their employees' needs.
- **Enact site-neutral payment reform:** Disparities in Medicare payment rates depending on the setting in which a service is provided have further contributed to the rapid consolidation of the healthcare industry and have led to higher out-of-pocket costs for patients at the point of service. Since Medicare often pays higher rates for the same service when it is delivered in a hospital outpatient department rather than a physician's office, these disparities create an incentive for hospital systems to acquire physician practices and shift care to higher-cost settings where they can bill additional costs like facility fees. While hospital networks continue to reap the benefits of structural flaws, patients are left paying more for care simply based on where they receive the service. To address this issue, Small Business Majority urges Congress to enact site-neutral payment reforms, similar to those included in the Lower Costs, More Transparency Act, that align Medicare reimbursement rates across care settings and ensure patients, including small business owners and employees, pay the same price for the same service regardless of where it is delivered. Our research found that 88% of small business owners agree that hidden fees like facility fees should be banned.⁵

³ "About Half of Adults with ACA Marketplace Coverage are Small Business Owners, Employees, or Self-Employed." KFF. September 10, 2025. <https://www.kff.org/affordable-care-act/about-half-of-adults-with-aca-marketplace-coverage-are-small-business-owners-employees-or-self-employed/>

⁴ "Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions." Small Business Majority. February 21, 2024. <https://smallbusinessmajority.org/our-research/healthcare/small-businesses-struggling-rising-healthcare-costs-support-bipartisan-policy-solutions>

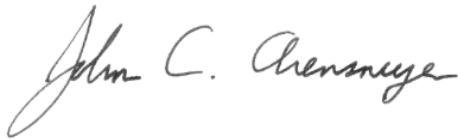
⁵ Ibid.

When combined, commonsense reforms such as price transparency and site-neutral payments not only reduce costs for patients, consumers and businesses, but also have the potential to decrease federal spending and strengthen the nation’s financial health. For example, the Congressional Budget Office (CBO) estimates that site-neutral payment reforms equalizing Medicare payments for most services across on-campus and off-campus hospital outpatient departments would generate \$157 billion in federal savings over the next decade.⁶

As healthcare costs continue to skyrocket for Main Street businesses and employees with no end in sight, small business owners are increasingly looking to lawmakers to address the shortcomings of the healthcare industry. At the start of the 119th Congress, 66% of small business owners said that improving healthcare access for themselves and their employees should be a top priority for Congress and the administration.⁷ However, small businesses enrolled in the individual and small group markets are facing significant premium increases this year, which threaten to impact the sustainability of their business. Without Congressional action to curb immediate premium hikes and tackle the systemic drivers of rising healthcare costs, small business owners may be forced to choose between providing healthcare and keeping their businesses afloat, while employees could feel compelled to seek jobs with larger firms that can afford coverage.

We thank the Committee for holding this important hearing to explore how Congress can address rising healthcare costs through commonsense reforms that both reduce expenses for patients and businesses and increase federal revenue. For any questions or additional information, please contact our Government Affairs Director, Alexis D’Amato, at adamato@smallbusinessmajority.org.

Sincerely,



John Arensmeyer
Founder & CEO
Small Business Majority

⁶ “Reduce Payments for Hospital Outpatient Departments.” Congressional Budget Office. December 12, 2024. <https://www.cbo.gov/budget-options/60908>

⁷ “Entrepreneurs worry about impact of tariffs, other disruptive acts, prefer small business friendly policies.” Small Business Majority. February 5, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-concerned-about-impact-tariffs-prefer-small-business-friendly-policies>