TEXAS POLICY RESEARCH

September 1st, 2026

Chairman Frank and Members
House Select Committee on Health Care Affordability
Texas House of Representatives

RE: Written Testimony on Small/Mid-Size Employers – Access to Health Care Coverage

Chairman Frank and Members of the Select Committee on Health Care Affordability:

Thank you for the opportunity to provide written testimony regarding barriers faced by small and mid-size employers seeking to provide health care benefits to their employees.

For many employers, particularly small businesses, the problem is no longer simply whether they want to provide health benefits. It is whether they can afford the increasingly expensive and complex system through which those benefits are traditionally provided. Average annual premiums for employer-sponsored family coverage have climbed dramatically over the past two decades, placing growing pressure on both employers and workers.

Texas should respond by expanding choices, not by subsidizing or further regulating the existing model. Traditional group insurance should remain an option, but it should not be treated as the only meaningful way for an employer to help workers obtain health care. Employers should have greater freedom to provide defined contributions that workers can use toward coverage suited to their circumstances, including individual plans and other portable arrangements. Benefits that follow the individual rather than the job can be especially valuable to workers moving between traditional employment, contract work, and self-employment.

Texas should also continue removing barriers between patients and providers. The 89th Legislature took an important step with HB 541 by expanding Texas's direct patient care framework beyond primary care. Under current law, employers may be parties to direct patient care agreements on behalf of patients, while those arrangements are expressly treated as something other than insurance.

Lawmakers should build upon that approach by ensuring employers can incorporate direct patient care, direct-pay services, health savings arrangements, and appropriate catastrophic coverage into employee benefit strategies without unnecessary regulatory interference. Texas should also examine state mandates and regulations that increase the price of insurance or discourage new products from entering the market. A benefit mandate may be well-intentioned, but every required benefit carries a cost. Small businesses and their employees should have greater freedom to decide which coverage provides sufficient value to justify that cost.

The goal should not merely be to increase the number of employers purchasing conventional insurance. It should be to increase Texans' access to affordable health care. The Legislature should pursue reforms that expand competition, portability, consumer choice, and direct relationships between patients and providers while resisting new mandates, subsidies, and regulatory structures that further increase costs.

Thank you for your consideration.

For Liberty, For Texas!

Jeramy D. Kitchen
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