NATIONAL ASSOCIATION OF Manufacturers

December 3, 2025

The Honorable Bill Cassidy, M.D.
Chair
Committee on Health, Education, Labor, and Pensions
United State Senate
Washington, DC 20510

Re: "Making Health Care Affordable Again: Healing a Broken System"

Dear Chair Cassidy,

On behalf of the National Association of Manufacturers ("NAM") and the 13 million people who make things in America, thank you for holding today's Senate HELP Committee hearing titled, "Making Health Care Affordable Again: Healing a Broken System."

The NAM is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturers have a deep commitment to providing health benefits to their workers, even as rising health care costs remain a top challenge for the industry. Sixty-five percent of manufacturers cited health care and insurance costs as their primary concern in the NAM's most recent Manufacturers' Outlook Survey.[1] Despite this challenge, 95% of manufacturing employees are eligible for health insurance benefits, 80% of whom participate, which underscores the urgent need for action to reduce health care costs for manufacturers and manufacturing workers alike.[2]

Employer-sponsored insurance ("ESI") covers over 160 million people and is the foundation upon which the United States' health care system is built. In 2023, the NAM released a study, *Manufacturers on the Front Lines of Communities: A Deep Commitment to Health Care*, which dissected both the progress as well as the challenges that manufacturers face in offering ESI.[3] The study found that manufacturers provide health care benefits to effectively attract and retain employees, to maintain a healthy and productive workforce, and because they believe it is the right thing to do for the workers who keep America and our economy strong.

Manufacturers are committed to providing health insurance to their workers, but substantive reforms are needed to realign our health care system to put patients first and reduce costs for companies, workers, and their families. The NAM appreciates your leadership in opposing harmful price control proposals that would undermine innovation and limit the development of lifesaving therapies. Price controls like those in the Inflation Reduction Act would result in fewer breakthrough cures and worse outcomes for patients. Instead, manufacturers agree that there are more effective ways to lower health care costs without negative downstream effects.

- Reform Pharmacy Benefit Managers ("PBMs"): As you and multiple Committee members emphasized during the July 31 hearing on health care affordability, PBM reform is urgently needed. PBMs are underregulated middlemen that design, negotiate, and administer prescription drug benefits on behalf of health insurance companies and employers that self-fund

[1] National Association of Manufacturers, Q3 2025 Manufacturers' Outlook Survey (September 16, 2025). Available at https://nam.org/wp-content/uploads/securepdfs/2025/09/NAM_Q3_2025_Outlook_Write_Up.pdf.
[2] Kaiser Family Foundation, *2025 Employer Health Benefits Survey* (Oct. 22, 2025). Available at https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2025-Annual-Survey.pdf
[3] National Association of Manufacturers, *Manufacturers on the Front Lines of Communities: A Deep Commitment to Health Care* (July 2023). Available at https://documents.nam.org/IIHRP/2023%20Health%20Care%20Reportsingles.pdf.

health insurance plans for their employees. PBMs contribute to the skyrocketing cost of health care by tying patient cost-sharing to list prices, pocketing manufacturer rebates, and obscuring their questionable business models. Necessary reforms include increased transparency, the delinking of PBM compensation from the list price of medicines, and full rebate passthrough to the plan and its beneficiaries in the commercial market.

- Reform the 340B Program: The 340B program has rapidly and massively expanded beyond Congress's intent of providing lower cost medicines and expanding care for low-income and underserved patients. As covered entities have taken advantage of the program to increase their profits, it has had the effect of driving up the cost of ESI. The 340B program allows covered entities to charge patients' insurance the full list price for drugs acquired at 340B prices, which results in patients and employers losing out on rebates and hospitals keeping the spread. The expansion of the 340B program was associated with approximately $23 billion in additional employer-based healthcare expenses in 2023, of which employees paid about $4.5 billion per year in added insurance premiums.[4] An IQVIA study also found that the 340B program increases drug costs for self-insured employers and their workers by 4.2% due to the lost manufacturer rebates on drugs purchased at the 340B price.[5] This corresponds to a $5.2 billion increase in health care costs for self-insured employers.[6] The April 2024 report published by the Committee on the operation of the 340B program identified key issues within the program that Congress must address. These include current fee structures, third party administrator behavior, sub-grantee eligibility, and the ways in which patients benefit from the program. Additional reforms, such as patient definition and child site eligibility, will also return the program to the intent with which Congress created it. Manufacturers are grateful for your leadership on this issue and look forward to supporting related legislation.

- Health Savings Accounts ("HSAs"): HSAs are personal tax-free savings accounts that patients with High Deductible Health Plans ("HDHPs") can use to pay for out-of-pocket medical costs. HSAs provide greater flexibility and control over health care and health care costs for manufacturing workers. HSA funds do not expire and are not impacted by a change in employment. Earlier this year, Congress broadened HSA eligibility to include individuals that are covered under a direct primary care service arrangement, which manufacturers supported. However, additional reforms, including an increase in contribution limits and greater eligibility, are needed to give more people access to HSAs and to empower them to be able to contribute more tax-free dollars for medical expenses.

- Improve Data Transparency and Accessibility: Administering high-quality, affordable health plans requires the collection and analysis of massive amounts of data, a task to which manufacturers dedicate significant resources. Thus, it is critical that employer plan sponsors have user-friendly access to their complete data to make informed choices about their plan's operations. Data gaps make it more difficult for employers to design the highest-quality plans for their workers and require permanent and comprehensive fixes. While health insurance claims data is valuable and readily available, manufacturers need access to complementary data in order to fully understand if outcomes and quality goals are being achieved. Comprehensive data would enable manufacturers to track and manage chronic conditions, and to measure if various programs emphasizing primary and preventive care are actually improving outcomes across the entire beneficiary population. Additionally, improved transparency, audit, and disclosure requirements between plan sponsors and vendors, if constructed in a way that does not add regulatory burdens for plan sponsors, can help make it easier for plan sponsors to fulfill their

[4] National Pharmaceutical Council, The 340B Drug Purchasing Program and Commercial Insurance Premiums. Available at https://www.npcnow.org/sites/default/files/2025-05/340B%20and%20Employer%20Costs%20White%20Paper.pdf
[5] IQVIA, The Cost of the 340B Program Part 1: Self-Insured Employers. Available at https://www.iqvia.com/locations/united-states/library/white-papers/the-cost-of-the-340b-program-part-1-self-insured-employers
[6] Ibid.

fiduciary requirements. Such transparency, specifically price transparency, benefits manufacturing employees' experience in the health care system and enables them to make more informed decisions about their care. Updates to the hospital and insurer pricing files mandated by the No Surprises Act and transparency measures included in the Consolidated Appropriations Act of 2021 will make data more usable by plan sponsors, which will put better data in the hands of beneficiaries.

- Strengthen the Employee Retirement Income Security Act of 1974 ("ERISA"): ERISA enables manufacturers to provide health insurance to their employees. The law allows manufacturers to provide uniform, yet tailored, benefits to workers across multiple states. However, the complexities and bureaucracy of the health care system create obstacles for manufacturers. These challenges can be addressed through improvements to the current public-private health care system. Employers have struggled with the lack of standardized definitions and methods for measuring quality. Manufacturers would welcome stronger public-private partnerships to address this issue. Additionally, allowance of e-delivery of disclosures would help ease regulatory burdens for manufacturers. ERISA requires that employer health plan sponsors provide certain disclosures to plan beneficiaries on a regular basis. Employers are required to provide these disclosures by paper mail and are not permitted to default to electronic delivery. In 2020, the Department of Labor ("DOL") finalized a rule to allow employer-sponsored retirement plans to default disclosures to electronic delivery via email and secure online portals, while still requiring paper disclosure to any beneficiary without adequate internet access. The NAM supports allowing the option for plan sponsors to default to e-delivery for employer-sponsored health plans as well. Manufacturers respectfully encourage the Committee to require that DOL apply the existing retirement plan electronic delivery safe harbor to health plans via a notice-and-comment rulemaking process.

- Protect ERISA's Federal Preemption: ERISA's federal preemption of state and local laws and regulations is essential to the operation of ESI, as it allows multi-state employers to design and administer uniform benefits to all employees, regardless of the states in which they live. Eroding or eliminating preemption would force manufacturers to comply with a patchwork of cumbersome and potentially conflicting state-based rules, a costly and untenable situation.

Manufacturers are increasingly concerned with the rising cost of health care, and our industry appreciates the Committee's timely consideration of solutions to address this critical issue. We hope you consider the NAM a resource as you continue working to implement these policy recommendations. We look forward to partnering with the Committee to ensure manufacturers can continue to offer health insurance to their workers, and their families, who work hard every day to power the American economy.

Sincerely,

Jess Wysocky
Director, Health Care Policy

Jake Kuhns
Vice President, Domestic Policy