



PRESCRIPTION FOR A HEALTHY WORKFORCE

Manufacturers' Roadmap
to Lower Health Care Costs

April 2026



NATIONAL ASSOCIATION OF
Manufacturers



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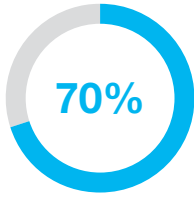


Manufacturers in America rely on a safe and healthy workforce and have a deep and enduring commitment to providing health benefits to their workers. Employer-sponsored insurance (ESI) is the bedrock of the American health care system, covering nearly 180 million people and supporting a strong, productive workforce. In 2025, 95% of manufacturing employees were eligible for employer-sponsored health insurance, with 80% choosing to participate — a testament to the value manufacturers place on offering meaningful benefits to the people who make things and power their operations.¹

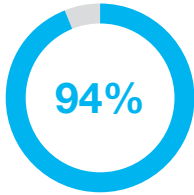
Medical innovation helps keep employees healthy and on the job—whether on the shop floor, in the warehouse, or at the office. Innovation takes many shapes, including treatments and cures for diseases that previously did not have any, new therapies and devices that can help patients earlier in their illness, and diagnostics that can identify diseases sooner. Technological and scientific advances can help people

recover from sickness more quickly, before further health care costs are incurred—or avoid getting sick altogether. When workers can access the care they need, they recover faster, miss fewer days of work, and remain engaged and productive—reducing absenteeism, strengthening manufacturing resilience, and reducing health care costs for both employers and employees.

1. KFF, 2025 Employer Health Benefits Survey (October 22, 2025). Available at <https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2025-Annual-Survey.pdf>



70% of manufacturers cited rising health care and insurance costs as their primary business concern in the NAM's 2026 Q1 Outlook Survey.² Increased costs are disproportionately impacting small and midsize manufacturers, with 75% of small (fewer than 50 employees) and 78% of medium (50 to 499 employees) companies identifying health care costs as their top concern.



In the 2025 Q4 survey, 94% of manufacturers responded that they expected, or had already seen, an increase in health insurance premiums for 2026. Of those, 11% saw premiums rising by more than 20%, an unsustainable increase that neither manufacturers nor manufacturing workers and their families can afford.³

Manufacturers have consistently cited rising health care and insurance costs as a top business concern in the NAM's quarterly Manufacturers' Outlook Survey, with small and medium-sized manufacturers being disproportionately impacted. The continual increase in costs is unsustainable for both manufacturers and manufacturing workers. The rising expense of health benefits may prohibit manufacturers, and small and medium-sized ones in particular, from hiring additional employees, stunting American manufacturing growth.

As both providers of health coverage and producers of the technologies that make modern medicine possible, manufacturers have a unique and enduring stake in a health care system that works— for their workers, their families, and the nation. While manufacturers have found creative and innovative ways to improve their employees' access to health care, including preventative care, on-site clinics, and wellness incentive programs, the vast majority continue to struggle under the weight of rising costs.

Policymakers must act to reduce health care costs and protect manufacturers' ability to offer vital health care benefits. Manufacturers support laws and regulations that increase affordability while promoting innovation, economic growth, job creation, resilient communities, and strong public health.



2. National Association of Manufacturers, Q1 2026 Manufacturers' Outlook Survey (March 12, 2026). Available at https://nam.org/wp-content/uploads/securepdfs/2026/03/NAM_Q1_2026_Outlook_Write_Up.pdf.

3. National Association of Manufacturers, Q4 2025 Manufacturers' Outlook Survey (December 17, 2025). Available at https://nam.org/wp-content/uploads/securepdfs/2025/12/NAM_Q4_2025_Outlook_Write_Up.pdf.

Ensuring the American people can access affordable health care and life-changing innovations will sustain employer-sponsored coverage, strengthen domestic manufacturing, and support a healthier, more competitive American workforce and economy. The policy recommendations that follow are grounded in that conviction. Collectively, these recommendations offer a practical path toward reducing health care costs for manufacturing workers and all Americans.



Rein in Pharmacy Benefit Managers

Pharmacy benefit managers (PBMs) are underregulated middlemen that contribute to skyrocketing health care costs through opaque and concerning business practices. With the NAM's strong support, Congress has already increased transparency into PBM business models and compensation structures, which will give manufacturers the necessary data to make informed decisions about the prescription drug benefits they offer to their employees. Congress also instituted 100% rebate pass-through in the commercial insurance market, ensuring that manufacturers will receive the savings they negotiated in their contracts. These reforms are critical steps toward reining in PBMs' outsized influence on health care costs, but more must be done. **Manufacturers support delinking PBM compensation from drug list prices in the commercial market, which would reverse PBMs' perverse incentives to increase costs at the expense of employers and employees.**



Restore the Original Intent of the 340B Program

Congress created the 340B program to provide lower cost medicines and expand care for low-income and underserved patients. As the second largest federal health care program, 340B has massively expanded beyond its original purpose—and many hospitals have exploited the program to increase profits. This abuse has increased the cost of employer-sponsored insurance by tens of billions of dollars and contributed to ever-increasing health care costs for manufacturers and their employees. **Manufacturers urge Congress to restore the 340B program to its core purpose of helping low-income and underserved patients.**





Expand Health Savings Accounts

Health Savings Accounts (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 improved control over health care and related costs for manufacturing workers, while HDHPs have lower monthly premiums for employers. While Congress broadened HSA eligibility in 2025 to include individuals covered under a direct primary care service arrangement, **manufacturers support increased contribution limits and greater eligibility so more Americans are able to contribute more tax-free dollars toward their medical costs.**



Increase Access to Telehealth

Telehealth has improved access to care while helping to reduce health care costs for manufacturers, manufacturing workers, and their families. Virtual visits are typically less costly than in-person appointments, and they are far less expensive than care delivered in urgent care settings or in emergency rooms. Telehealth helps manufacturing employees access care more efficiently, reducing time away from work and minimizing workplace disruption. This is particularly true for preventative care, which results in significant long-term productivity increases and cost decreases. In 2025, Congress permanently allowed patients with HDHPs to access telehealth care before reaching their deductible. **Manufacturers support additional reforms to increase access to telehealth, including allowing providers to practice across state lines, to help manufacturers reduce premiums and overall health care costs for their businesses and their workers.**





Encourage Adoption of Individual Coverage Health Reimbursement Arrangements

Individual Coverage Health Reimbursement Arrangements (ICHRAs) allow employers to provide tax-free reimbursements to employees for qualified medical expenses, such as monthly premiums and out-of-pocket costs, without offering traditional group health coverage. ICHRAs give manufacturers financial predictability and flexibility and give employees choice. **Manufacturers support increased education about ICHRAs and incentives for employers and employees to encourage uptake.**



Codify Association Health Plans

Association Health Plans (AHPs) allow multiple employers to join together to offer employer-provided group health insurance plans, granting them the bargaining power of larger group plans to secure more affordable coverage and negotiate better rates. Additionally, insurance companies are mandated to spend a smaller percentage of premiums on overhead and profit for large group plans (including AHPs), but not for small group plans. **Manufacturers support codification of AHPs under ERISA to provide small employers with greater access to affordable group health coverage.**





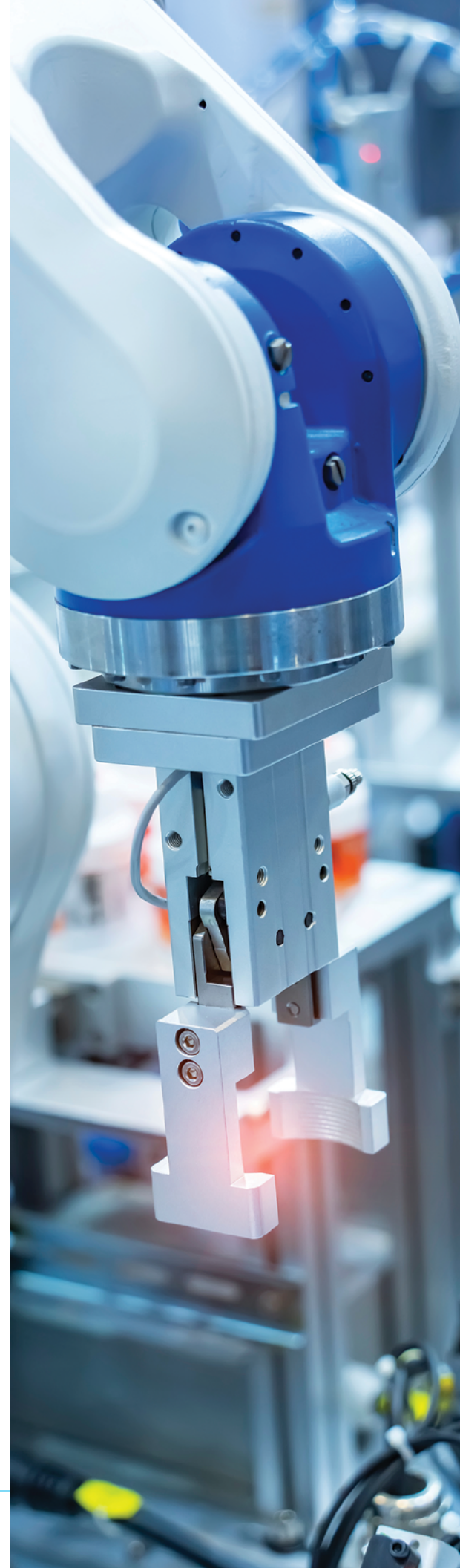
Improve Data Transparency and Accessibility

Employer plan sponsors need user-friendly access to their complete plan data, not just claims data, to effectively manage plan operations and outcomes. Manufacturers supported the transparency provisions included in the Consolidated Appropriations Act of 2021, including the requirement that hospitals and insurers disclose physician and facility prices, and recommend that future provisions build on these existing requirements. **Manufacturers urge policymakers to ensure access to user-friendly comprehensive data and to improve transparency, audit, and disclosure requirements between plan sponsors and vendors without additional regulatory burdens.**



Secure Patient Access to Life-Saving, Cost-Saving Drugs

Ensuring workers have access to safe and effective medications is essential to controlling long-term health care costs. As such, the NAM has long raised concerns with price controls on life-saving and life-changing innovations that could stifle the R&D investment that produces cutting-edge cures and treatments. Biopharmaceutical manufacturers in the U.S. lead the world in research and production because our nation rewards risk taking, scientific rigor, and scale. Price controls like most-favored nation (MFN) mandates fail to value innovation, which creates uncertainty, reduces the number of available medications, and drives up avoidable health care spending. **Manufacturers urge policymakers to reject MFN and other price control systems that would hinder the next generation of medicines from being discovered and developed here in America—and delivered to American patients.**





Fully Resource the FDA and Reinforce Commitment to Gold Standard Science

A fully resourced FDA with adequate staffing and on-time reviews is essential for the regulatory transparency and consistency that biopharmaceutical manufacturers need to confidently invest in the R&D that leads to innovative treatments and preventative care that keep workers healthy or helps them recover and get back on the job. Policy should reinforce scientific rigor across the development, review, and manufacturing of medications, and any changes to policy should be based on rigorous, transparent, evidence-based assessments of safety, effectiveness, and public health impact, in alignment with the President's executive order on Gold Standard Science. This is especially critical for preventative products such as vaccines. Policies that limit access to, and information about, preventative care drive up absenteeism and future health care costs. **Manufacturers urge policymakers to fully fund and staff the FDA, ensure effective industry engagement, and maintain Gold Standard Science to help keep American workers healthy and productive.**



Preserve the Intellectual Property that Drives Medical Innovation

Robust intellectual property (IP) protections incentivize and support research, discovery, and commercialization of life-changing and cost-saving products by ensuring that innovators can recoup their investments. This is true of both federally funded and private sector research; in both cases, guaranteeing that researchers and entrepreneurs have sole rights to their discoveries provides them the certainty necessary to bring treatments to patients. Ironclad IP protections have been foundational to the success of the Bayh-Dole Act, which has been central to translating federally funded research into real-world medicines. **Manufacturers believe strongly in preserving the intent and effect of this historic law by avoiding any infringements on innovators' IP rights, imposition of unworkable price controls, or unwarranted takings of royalties.**



Defend ERISA Preemption

The Employee Retirement Income Security Act of 1974 (ERISA) is the legal foundation on which manufacturers' ability to offer health care benefits depends. ERISA's federal preemption of state and local laws and regulations enables multi-state employers to design and administer uniform benefits to all of their employees nationwide, regardless of where they live. Without federal preemption, manufacturers would be forced to comply with cumbersome and potentially conflicting state-based rules, dramatically increasing health care-related costs. **Manufacturers strongly support maintaining ERISA's federal preemption to ensure that companies can continue to offer uniform, yet tailored health benefits to their workers.**



Protect the ESI Tax Exclusion

Employer contributions toward health coverage are tax deductible as a business expense, while employees' contributions are excluded from their taxable income. Altering this tax structure would substantially increase health care costs for both manufacturers and their workers by eliminating an important deduction and reducing take-home pay. **Manufacturers strongly support maintaining the current tax treatment of health care benefits.**



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