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June 7, 2023

The Honorable Jason Smith
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Richard Neal
Ranking Member
Committee on Ways and Means
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Smith and Ranking Member Neal:

The National Federation of Independent Business (NFIB) welcomes the decision of the House Committee on Ways & Means to consider and amend several measures intended to improve the affordability of small business health insurance. NFIB supports the legislation currently under review that seeks to cut red tape and promote certainty for small employers and employees.

For nearly 40 years, NFIB members have identified the rising cost of health insurance as their top concern. Rapidly increasing health costs have become unsustainable, and 98% of small employers are concerned that their ability to provide health insurance will become untenable in the next 5-10 years.¹

Small business owners often struggle to manage the cost of offering employer-sponsored health insurance, with almost half of the employers sacrificing a profit loss to be able to pay for health insurance premium increases over the last five years.² This jeopardizes small businesses' economic viability and undermines their ability to offer competitive benefits packages to attract and retain a talented workforce.

NFIB supports the following legislation under consideration:

- **H.R. 3799, the *Custom Health Option and Individual Care Expense Arrangement Act*** – Congress should codify the Individual Coverage Health Reimbursement Arrangement (ICHRA) regulation and expand access to Health Savings Accounts (HSAs). ICHRAs first became available in 2020, right as the pandemic hit. They are a form of Health Reimbursement Arrangement (HRA) in which employers of any size can provide employees with tax-preferred funds that can be used to purchase health insurance in the individual market. This alternative to traditional group health plans increases flexibility for small business owners by

¹ Holly Wade & Madeleine Oldstone, *Small Business Health Insurance Survey*, NFIB Research Center, March 2023, <https://strgnfibcom.blob.core.windows.net/nfibcom/Health-Insurance-Survey-2023.pdf>.

² *Id.*

providing an option that suits the diverse needs of their employees. ICHRA benefits include ease of administration for employers, the ability for employees to choose a health plan for their specific needs, affordable option to meet ACA compliance requirements, and the ability for small employers to hire and retain a talented workforce. **NFIB urges lawmakers to support H.R. 3799, the *Custom Health Option and Individual Care Expense Arrangement Act*.**

- **H.R. 1843, *The Telehealth Expansion Act*.** – Additionally, empowering employers and employees with greater flexibility by allowing pre-deductible coverage of telehealth services can lead to cost savings and better health outcomes. Access to critical telehealth services for employees with certain high-deductible health plans without first meeting their deductible will expire in 2024, and this essential flexibility must be made permanent. **NFIB urges lawmakers to support H.R. 1843, *The Telehealth Expansion Act*.**
- **H.R. 3801, the *Employer Reporting Improvement Act*, and H.R. 3797, the *Paperwork Burden Reduction Act*** – The government has shackled small employers with disproportionate regulatory requirements that increase costs and prevent new entrepreneurs from focusing on core business operations. Lawmakers should simplify and streamline employer reporting requirements and reduce the paperwork burden by allowing electronic notification to employees regarding health insurance coverage. By improving reporting processes, small employers may experience cost savings and can shift their attention and resources to serving their customers and supporting their employees. **NFIB urges lawmakers to support H.R. 3801, the *Employer Reporting Improvement Act*, and H.R. 3797, the *Paperwork Burden Reduction Act*.**

NFIB remains committed to supporting solutions that will enable small businesses to thrive. The legislation under consideration provides an essential first step toward improving flexibility, creating certainty, and reducing red tape for employers and employees. Rapidly rising healthcare costs continue to be an obstacle for small businesses, and we look forward to continuing to work with this Committee on these critical issues.

Sincerely,



Kevin Kuhlman
Vice President, Federal Government Relations
NFIB