

June 20, 2023

Dear Member of Congress,

The undersigned organizations urge you to improve health coverage for the employees of America's small businesses by voting for H.R. 3799, the CHOICE Arrangement Act when it comes to the floor of the House for your consideration.

Inflationary pressures and regulatory costs continue to threaten small businesses. Price growth has been eating into buying power and driving up costs, and regulations cost small firms \$11,700 per year per employee.¹ Many businesses can no longer bear the skyrocketing cost of health coverage, which now totals more than \$22,000 per family every year, an increase of 288 percent since 2002. Twenty years ago, almost 50 percent of small firms offered health coverage; today, less than one-third do so, primarily due to cost.²

Small businesses are challenged to find relevant health care benefit packages. Only 1 in 5 (17%) small business leaders strongly agree that the employer health care solutions available to them have kept up with the changing times.

Congress must lower costs and expand coverage with legislation that provides small businesses additional options, flexibility, and knowledge about their choices. Because the bill makes the following improvements, we support its passage:

- **Association Health Plans Act Would Allow Businesses to Pool Risk and Negotiate Lower Costs.** The Department of Labor has concluded ERISA rules treat association arrangements as mere collections of individual plans, subjecting employer members to a complex and costly compliance environment where members may be simultaneously subject to large group, small group, and individual market rules. As a result, current AHPs are limited in their effectiveness to allow businesses to pool risk and offer affordable coverage to workers. The legislation empowers employers to band together and use their collective strength to negotiate lower premiums and out-of-pocket costs while offering better coverage for their workers at a lower price.
- **Self-Insurance Protection Act Levels the Playing Field for Small Business.** Level-funded plans allow employers to design their plans and shop for the best deals. Recognizing the savings and benefits of this model, 36 percent of covered workers at small firms reported enrollment in a level-funded plan in 2022. Unfortunately, some states have started limiting small employers' ability to offer self-funded plans by banning the sale to certain size groups or making the sale of low attachment point plans illegal. The legislation corrects this by protecting small employers' right to self-fund their plans. This will lower health plan costs and encourage businesses to continue to offer coverage, which is often less expensive and provides more access to doctors, specialists, hospitals, and drugs than government-run programs.
- **Custom Health Option and Individual Care Expense Arrangement Act Creates Certainty and Improves Individual Coverage HRAs (ICHRAs).** In 2019, the Trump Administration created a new version of Health Reimbursement Arrangements called ICHRAs. These benefits allow employers to provide employees with funds to purchase health insurance on the individual market, including exchanges. Employees may use these funds to pay for premiums and to cover out-of-

¹ U.S. Chamber of Commerce Foundation, "[Understanding Small Business in America](#)"

² Testimony of Joel C. White, Council for Affordable Health Coverage, to the House Education and Workforce Committee, Subcommittee on Health, April 26, 2023. [Available here.](#)

pocket costs. Because the regulation can be changed, we encourage Congress to codify ICHRAs into law, through the CHOICE Arrangement Act that creates certainty for employers who want to help their workers gain coverage.

- **The Small Business Flexibility Act Would Help Small Businesses Better Understand and Pick the Coverage Option that Works Best for their Workforce.** Too often, small businesses don't know or understand the different products available to them to cover their employees. The legislation would require the Secretary of Treasury to educate employers about their choices, including ICHRAs, qualified small business HRAs, and the small business health insurance tax credit.

We believe Congress should enact these reforms to expand coverage options and lower costs for small businesses. The ability of small businesses to offer affordable health plans would help them and the economy grow, create jobs, and expand competition.

Sincerely,

Associated Builders and Contractors
Associated General Contractors of America
Council for Affordable Health Coverage
Healthcare Leadership Council
Main Street Freedom Alliance
MLD Foundation
National Association of Manufacturers
National Association of Wholesaler-Distributors
National Federation of Independent Business
Small Business & Entrepreneurship Council
The Coalition to Protect and Promote Association Health Plans
The National Grange
U.S. Chamber of Commerce