

## PROBLEM

**The “rising cost of health insurance” has been the number one problem for small businesses for thirty years, according to NFIB Research Foundation’s Problems and Priorities survey.**

Only 32 percent of businesses with fewer than 50 employees are able to offer expensive group health insurance plans. Instead, many businesses reimbursed employees with tax-preferred dollars for individual health insurance plans. NFIB Research Foundation estimates 14 percent of non-offering businesses utilize reimbursement arrangements.

Beginning July 1, the IRS prohibited the practice, and began enforcing \$100 per employee per day penalties, up to \$500,000 per business, for utilizing the reimbursement practice. These penalties, created through sub-regulatory guidance, would be detrimental to small businesses.

## SOLUTION

### The Small Business Healthcare Relief Act

#### H.R. 2911

- Introduced by Congressmen Charles Boustany (R-LA) and Mike Thompson (D-CA)
- Awaiting action in the House Ways and Means Committee, House Energy and Commerce Committee, and House Education and Workforce Committee

#### S. 1697

- Introduced by Senators Charles Grassley (R-IA) and Heidi Heitkamp (D-ND)
- Awaiting action in the Senate Finance Committee

## SUMMARY

**The Small Business Healthcare Relief Act would protect small businesses from catastrophic penalties for helping their employees afford health insurance, and permits small business to continue to utilize this market practice.** Specifically, the legislation:

- Ensures that small businesses and local municipalities with fewer than 50 employees are allowed to continue using pre-tax dollars to give employees a defined contribution for healthcare expenses.
- Allows employees to use HRA funds to purchase health coverage on the individual market, as well as for qualified out-of-pocket medical expenses if the employee has qualified health coverage
- Protects employers from being financially penalized for providing this cost-sharing option to employees