

December 9, 2014

The Honorable John A. Boehner  
Speaker of the House  
H-232 U.S. Capitol Building  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Nancy Pelosi  
Minority Leader  
H-204 U.S. Capitol Building  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Speaker Boehner and Minority Leader Pelosi,

The undersigned organizations respectfully request the consideration of Representative Blackburn's legislative language that would prohibit the application of certain health insurance market requirements (no lifetime or annual limits and coverage of preventive health services) for Health Reimbursement Arrangements (HRAs) and similar accounts used by a small employer in 2015.

Established in 2002, Health Reimbursement Arrangements (HRAs) or Health Reimbursement Accounts are employer-funded, tax-advantaged employer health benefit plans that reimburse employees for out-of-pocket medical expenses and individual health insurance premiums. Health Reimbursement Accounts are funded solely by the employer, and cannot be funded through employee salary deductions. The employer sets the parameters for the Health Reimbursement Accounts, and any unused funds remain with the employer. There are only two requirements to establish an HRA plan: 1) the plan must be in writing; 2) the plan must be non-discriminatory (i.e. each employee receives the same reimbursable rate).

In September 2013, through Technical Release No. 2013-03 the Departments of Treasury, Health and Human Services, and Labor, significantly restricted the use of HRAs by small employers, stipulating that an employer that offers an HRA to two or more employees, but does not offer a group health care plan, is not compliant with annual limit regulations and other health insurance market requirements and therefore, the business would be subject to significant penalty.

The Technical Guidance has had a devastating, negative impact on the ability of small employers who do not (nor are required) provide health insurance to their employees. Eliminating the ability for small employers (49 or less employees) to support their employees' health care costs is unfair to employers that are trying to do the right thing.

We strongly encourage you to include this stop gap language in upcoming legislation to fund the federal government and work with us in the next Congress to ensure that small employers have access to HRAs in perpetuity.

Sincerely,

Council for Affordable Health Coverage  
National Association for the Self-Employed  
National Association of Home Builders  
National Federation of Independent Business