

July 13, 2015

The Honorable Charles Grassley
U.S. Senate
135 Hart Office Building
Washington, DC 20510

The Honorable Heidi Heitkamp
U.S. Senate
502 Hart Office Building
Washington, DC 20510

The Honorable Charles Boustany, M.D.
U.S. House of Representatives
1431 Longworth House Office Building
Washington, DC 20515

The Honorable Mike Thompson
U.S. House of Representatives
231 Cannon House Office Building
Washington, DC 20515

Dear Senators Grassley and Heitkamp and Representatives Boustany and Thompson:

On behalf of the undersigned businesses, national, state and local trade associations, and organizations representing millions of American workers and their families, we write in support of the *Small Business Healthcare Relief Act* (S. 1697/H.R. 2911). We appreciate your leadership in introducing this legislation, which will allow small businesses to provide Health Reimbursement Arrangements (HRAs) to employees with health insurance. These HRAs will permit businesses to offer pre-tax dollars to insured employees to help pay premiums and/or other out-of-pocket costs associated with medical care and services.

In 2013, the Internal Revenue Service issued guidance dictating that all employers that fail to offer a group health plan, but provide tax preferred dollars through an HRA for their workers to pay health insurance premiums or other direct medical expenses, will be fined \$100 per day, per employee. Over the course of a year, that's \$36,500 per employee and up to \$500,000 in total. This \$100 per day penalty went into effect on July 1, 2015.

The *Small Business Healthcare Relief Act* will allow small businesses that are not subject to the shared responsibility provision to provide HRAs to help their workers and families pay for premiums and/or other medical expenses. This provides small employers with necessary additional flexibility and allows those small companies – the majority of whom do not have human resource departments or benefits specialists – a simpler, easier way to help their employees with rising medical costs.

This is a bipartisan opportunity to improve affordable health care options for small businesses, and we urge Congress to move swiftly to pass this vital legislation so that more small employers can help their workers defray the high cost of insurance premiums and/or other out-of-pocket medical expenses. Thank you for considering our views.

Sincerely,

American Farm Bureau Federation
Associated Builders and Contractors
Associated General Contractors
Council for Affordable Health Coverage
National Association for the Self-Employed
National Association of Home Builders
National Association of Manufacturers
National Association of Towns and Townships

National Association of Wholesaler-Distributors
National Federation of Independent Business
National Retail Federation
National Small Business Association
Retail Industry Leaders Association
Small Business Majority
U.S. Chamber of Commerce
Zane Benefits