

# Support Small Business Healthcare CHOICE Arrangements

Over the last two decades, health insurance premiums for small businesses have increased by 120%. At the same time, the percentage of small businesses offering health insurance to their employees has dropped from nearly 50% in 2000 to just 30% in 2023.

Small businesses need Congress to act and expand the menu of healthcare options available to them. To accomplish this, Congress must enact **H.R. 5463/S. 2875, the Custom Health Option and Individual Care Expense (CHOICE) Arrangements Act**. This bill would give small businesses the ability to offer flexible health coverage to their employees without breaking their budget.



## The CHOICE Arrangements Act would:

Codify existing IRS guidance that originally established CHOICE Arrangements (formerly known as ICHRA).

Permit pre-tax funds from CHOICE Arrangements to be used to purchase plans off the Exchanges.

Create a one-time small business health tax credit for businesses employing under 50 individuals to incentivize the use of CHOICE Arrangements.

## Small businesses would benefit from:

### ► Lowered premiums for employees without raising costs for the employer.

With expanded cafeteria plan access, employees can pay their health premiums before taxes. This creates immediate savings for them at no expense to the small business owner.

### ► Increased workforce acquisition and retainment.

Offering flexible, affordable health insurance plans will increase the attraction of small businesses when competing with larger companies for talent.

### ► Allowing the individual to choose the health plan that works best for them.

CHOICE Arrangements will allow an employee to choose the plan that best works for them using their employer's pre-tax contribution. This will provide businesses with a way out of paying for onerous one-size-fits-all group health plans.