



NFIB Legislative Health Care Plan

Improving small businesses' access to affordable and flexible health care options.



1 Allow small businesses to use health reimbursement arrangements, known as CHOICE Arrangements, that allow customization of health plans.

2 Allow small businesses to pool resources and leverage purchasing power through Association Health Plans (AHPs).

3 Allow health insurance products, like Short-Term, Limited-Duration Insurance (STLDI) plans, to be available for extended time periods.

4 Expand Health Savings Account (HSA) access.

5 Eliminate one-size-fits-all mandates that drive up the cost of care and fuel industry consolidation.

6 Implement site-neutral payments to prevent hospital consolidation.

7 Ban spread pricing and increase Pharmacy Benefit Manager (PBM) transparency.

8 Allow health insurance to be purchased across state lines.

9 Protect small businesses' access to stop-loss insurance.

10 Increase hospital price transparency so patients know what a procedure costs before insurance pays for it.

Congressional Actions to Stop Persistently Rising Health Care Costs

I. Allow small businesses to use health reimbursement arrangements, known as CHOICE Arrangements, that allow customization of health plans.

CHOICE Arrangements (formerly ICHRAs) allow employees to choose individual health plans that best meet their needs, providing flexibility and potentially lowering costs through more tailored coverage. They also reduce administrative burdens on employers. Congress should pass the *CHOICE Act* (H.R. 5463/S. 2875). This bill would codify and expand CHOICE arrangements, simplify their administration, and allow self-employed business owners to access tax-favored health reimbursement arrangements.

II. Allow small businesses to pool resources and leverage purchasing power through Association Health Plans (AHPs).

AHPs are one option for small businesses to offer more affordable insurance to employees. AHPs allow small businesses to pool resources and leverage purchasing power like larger groups. Congress should enact the *Association Health Plan Act* (H.R. 2528/S. 1847) to expand small businesses' ability to participate in AHPs and improve existing regulations to allow industry and non-industry-based small businesses, including self-employed individuals, to establish an AHP.

III. Allow health insurance products, like Short-Term, Limited-Duration Insurance (STLDI) plans, to be available for extended time periods.

STLDI plans are a type of insurance plan that offers catastrophic-type coverage to individuals. These plans have broader provider networks and are much less costly than a traditional small group plan, in large part because they exist outside Obamacare regulation. Congress must pass the *COMPETE Act* (S. 3418), which would amend the *Public Health Service Act* to extend the maximum duration of STLDI and include a renewal guarantee provision that allows consumers to purchase STLDI plans for an extended period.

IV. Expand Health Savings Account (HSA) access.

Currently, HSAs cannot be used to pay for small group health insurance premiums, limiting their usefulness for small employers and their workers. With small group health insurance premiums skyrocketing, allowing these premiums to be paid by an HSA would give small businesses greater flexibility to design benefits that fit their workforce and budget.

V. Eliminate one-size-fits-all mandates that drive up the cost of care and fuel industry consolidation.

Some of today's biggest health care cost-drivers come from rigid mandates such as EHBs, the MLR, and Community Rating. EHBs impose a uniform mandate, requiring businesses to provide a fixed set of ten benefits regardless of the actual needs of their workforce. The MLR cap limits insurers to spending only 20% of revenue on administrative expenses and profit. However, because this percentage is calculated based on the claims costs that come in, higher claims allow insurers to retain more revenue, which can drive overall premiums higher and does not create an atmosphere to negotiate lower costs for services. Community Rating currently limits premium variation by age to a 3:1 ratio, which limits the ability to accurately price in a market. The result is significantly higher costs for younger employees and individuals in the marketplace.

Congressional Actions to Stop Persistently Rising Health Care Costs (cont.)

VI. Implement site-neutral payments to slow hospital consolidation.

Small business owners would benefit from moving the commercial market toward site-neutral payment policies, which studies find would reduce health expenditures and result in lower premiums and cost sharing. Congress should discourage off-campus hospital outpatient departments (HOPDs) from billing add-on hospital fees. This would lower out-of-pocket costs and disincentivize consolidation in the hospital market. Further, doctors' offices owned by a health care system should be required to use a separate and unique National Provider Identifier (NPI) number, and bill correctly so payors can differentiate between services delivered in a hospital and non-hospital setting and apply the appropriate reimbursement rates.

VII. Ban spread pricing and increase Pharmacy Benefit Manager (PBM) transparency.

Banning spread pricing of prescription drugs would lower costs for business owners by allowing rebates on pharmaceuticals to flow from the manufacturer to the patient. PBM transparency will ensure that consumers will be able to see where the money they spend on prescription drugs goes.

VIII. Allow health insurance to be purchased across state lines.

Allowing for the purchase of health insurance across state lines increases competition among insurance companies and drives health care costs down. This would also give business owners more options to choose plans that best fit the needs of their workforce, instead of being locked into in-state markets. Congress must pass the *More Affordable Care Act* (H.R. 6538/S. 3264), which creates a state waiver program within the *Affordable Care Act* to allow for purchasing health insurance across state lines.

IX. Protect small businesses' access to stop-loss insurance.

Self-insurance can offer employers more flexibility, leading to more affordable coverage. Stop-loss insurance enables self-insured employers to mitigate risks, protecting employers and employees from catastrophic losses. An increasing number of small group health plan sponsors are utilizing level-funded arrangements. Thirty-eight percent of small firms reported offering health benefits through a level-funded plan in 2022. Level-funded plans provide small employers with potential cost savings, predictability, and customization. Congress must enact the *Self-Insurance Protection Act* (H.R. 2571) to protect and expand small businesses' access to stop-loss insurance.

X. Increase hospital price transparency so patients know what a procedure costs before insurance pays for it.

Employers pay into their employees' health insurance with very little insight into what services their payments cover. Transparent hospital pricing would empower patients to become consumers once again in their health care. Patients will be able to steer their care toward high-value providers and push back on inflated rates that drive premiums up. Congress should enact the *Patients Deserve Price Tags Act* (S. 2355/H.R. 5582) to improve the transparency of health care costs, so patients understand the true price of procedures, medications, and services before receiving them.