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October 14, 2026

The Honorable Dr. Mehmet Oz
Administrator
Centers for Medicare and Medicaid Services
200 Independence Avenue SW
Washington, DC 20201

Dear Dr. Oz:

On behalf of NFIB, the nation's leading small business advocacy organization, I write to thank you for taking time to hear the concerns of small businesses. Small businesses want to take care of their number one asset: their employees. However, rapidly increasing healthcare costs make that an unattainable goal. We look forward to working with you to provide small businesses and Americans with more flexible and affordable health options.

For more than 40 years, NFIB members have consistently identified the rising cost of healthcare as one of the most significant challenges facing their businesses.[1] Small business owners want to provide quality health benefits to their employees, but many can no longer afford traditional group coverage due to exploding healthcare costs. The status quo is not sustainable. As higher costs force small businesses to drop coverage, small businesses will continue to be placed at a competitive disadvantage to larger businesses. These larger businesses can leverage their size to negotiate lower prices whereas small businesses cannot.

The number of small businesses able to offer health coverage has significantly declined since the passage of Obamacare. Today, only one out of every three small businesses can provide health coverage to employees. For large businesses, 96% can provide coverage.[2] Clearly, small businesses want to provide coverage for their employees, but the unsustainable growth of healthcare costs prevents them from doing so.

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[1] Wade, Holly, and Madeleine Oldstone. *Small Business Problems and Priorities: 2024*. NFIB Research Center, National Federation of Independent Business, July 2024.

[2] U S Agency for Health Care Research and Quality, Medical Expenditure Panel Survey (MEPS) Insurance Component (IC), https://datatools.ahrqgov/meps-ic/?tab=private-sector-national&dash=19

The recent roundtables with CMS and SBA in Indiana and Georgia were a helpful forum to discuss the challenges facing small businesses, including how the administration and Congress help small businesses to provide affordable and flexible healthcare options for their employees. The conversation featured the rebranded CHOICE Arrangements, also known as Individual Coverage Health Reimbursement Arrangements (ICHRAs). CHOICE Arrangements are a tool that allows employers to provide pre-tax contributions for their employees' individual health coverage, while giving their employees the ability to choose a plan that works for them and their families.

As you noted during your remarks in Indiana, CHOICE Arrangements are not a new idea. However, we've come to recognize that regulatory uncertainty has hindered uptake. In 2019, an interagency final rule enabled employers to integrate health reimbursement arrangements with individual health insurance coverage or Medicare and expanded options for businesses seeking an alternative to traditional group plans. However, because the current framework rests primarily on federal regulation, small business owners face uncertainty about whether the rules could change under a future administration.

To remedy this uncertainty, small businesses ask CMS and the administration to urge Congress to codify CHOICE Arrangements. Congress can go a step further and allow enrollees to use pre-tax dollars to pay for premium costs above the employer contribution, like provisions included in the CHOICE Arrangements Act (H.R. 5463/S. 2875). These targeted reforms would help make CHOICE arrangements more affordable for both employers and employees while preserving the flexibility that makes them attractive to small businesses.

CHOICE arrangement codification would expand access to health benefits for millions of Americans employed by small businesses. However, there are other opportunities for the administration and Congress to increase access to flexible and affordable healthcare options. One is to expand health savings accounts (HSAs), a powerful tool that allows small businesses and their employees to contribute pre-tax dollars to save for future medical expenses. Unfortunately, HSAs are tied to high-deductible health plans and therefore not available to all Americans. CMS and Congress can provide relief to small businesses by decoupling HSAs from high-deductible health plans and increasing annual contribution limits, like provisions in the Great American Healthcare Plan (H.R. 10015).

Last, CMS can work with other federal agencies to finalize a new short-term, limited-duration insurance (STLDI) rule, like the one issued in 2018. This regulation allowed STLDI plans to be sold with up to 12-month contracts and renewed for another 24 months. According to the Congressional Budget Office (CBO), these affordable plans were 60% cheaper than the lowest cost Obamacare plan.[3] In 2024, these plans were restricted to 3 months, limiting their usefulness to

[3] *How CBO and JCT Analyzed Coverage Effects of New Rules for Association Health Plans and Short-Term Plans*. 2019, https://www.cbo.gov/system/files/2019-01/54915-New_Rules_for_AHPs_STPs.pdf.

small businesses and Americans.[4] CMS and Congress can provide long-term certainty for small businesses by enacting the COMPETE Act (S. 3418), which would codify the 2018 rule.

As noted at the roundtables, small businesses are at a crossroads, and the current path is not sustainable. Without significant changes, the number of small businesses able to offer health coverage to their employees will continue to crater, thus leaving them at a significant disadvantage to their larger competitors. The administration and Congress can take meaningful steps to provide relief by increasing access to affordable and flexible options discussed in this letter.

Thank you again for listening to the concerns of small businesses and we look forward to working with you to provide relief for America's small businesses and their employees.

Sincerely,



Tyler Dever
Principal, Federal Government Relations
NFIB

[4] *Short-Term, Limited-Duration Insurance and Independent, Noncoordinated Excepted Benefits Coverage*, 89 Fed. Reg. 23338 (Apr. 3, 2024).