



Health Care Relief is Critical for Small Businesses

Small businesses are the engines of the American economy, but soaring health insurance premiums have thwarted small business owners and their employees. From 2009 to 2014, premiums for small firms increased 25 percent, from an average monthly family premium of \$1,058 to \$1,321. Similar, if not greater, premium increases are expected to continue in the years ahead. Many small businesses are continuing to work diligently to provide important benefits, such as health insurance coverage, but are experiencing higher health care costs, less flexibility, and new barriers to coverage. To provide much-needed relief, the Council for Affordable Health Coverage (CAHC) supports legislation that would:

Protect and Preserve the Small Group Market

- Beginning in 2016, a technical provision in the Affordable Care Act (ACA) will change the definition of the small group market to include employers with up to 100 employees – an increase from the current definition of up to 50 employees. This change will force many companies, which have historically been defined as a "large group," into the "small group market," where, according to an Oliver Wyman [analysis](#), premiums could increase by approximately 18 percent, placing an additional burden on small businesses.
- CAHC supports the Protecting Affordable Coverage for Employees Act (S. 1099/H.R. 1624). This bipartisan, common-sense legislation would provide states with flexibility to increase the small group market from 50 to 100 if they choose, but remove the requirement that forces states to change the small group definition.

Allow Employers to Use Health Reimbursement Arrangements

- Many small business owners reimburse employees for medical care and services through Health Reimbursement Arrangements (HRAs). Beginning on July 1, 2015, employers who do not offer a group health plan, but give their workers additional pay to compensate for the purchase of health insurance or direct medical expenses can be fined \$100 per day, per employee. That totals \$36,500 per employee up to \$500,000 in total. The penalty on businesses for failing to comply with the employer mandate is only \$2,000 per year. The penalty is 18 times more than the \$2,000 employer mandate penalty for not providing any coverage.
- Accordingly, we support the Small Business Healthcare Relief Act (S. 1697/H.R. 2911), which would allow small businesses to offer HRAs to employees for the payment of premiums or qualified medical expenses associated with insurance coverage without facing an outrageous fine.

Simplify Onerous and Time Consuming Reporting Requirements

- New regulations under the ACA saddle businesses with additional requirements to report to the Internal Revenue Service (IRS) information about the health insurance coverage they offer to their employees. Small businesses simply do not have the resources and personnel to dedicate to these types of compliance matters.
- CAHC supports the Commonsense Reporting and Verification Act (H.R. 2712), which would reduce reporting burdens on small businesses by allowing voluntary reporting to the IRS of general information about health insurance coverage. Small businesses who use the voluntary system would only have to provide reporting statements to employees who enrolled in coverage on the Exchanges or who received a subsidy.