



June 25th, 2021

Dear Members of Congress:

I write in support of Congressman Dan Bishop's (R-N.C.) legislation to codify the Trump administration's rule to expand the use of Health Reimbursement Arrangements (HRAs). Codifying this rule will promote employer flexibility and choice in the healthcare system. All members of Congress should support and co-sponsor this important piece of legislation.

This rule allows employers to offer HRAs, accounts traditionally used for out-of-pocket expenses, to purchase coverage in the individual market, to their employers to purchase insurance as an alternative to employer provided care. HRA funds are tax free to both the employer and employee and funds roll over year to year.

This is especially valuable to small businesses and their employees, as, without, the ability to offer HRAs, they could be prevented from offering high quality coverage to their employees. Not only does this leave employees without high quality coverage, but it also hurts employers' ability to attract high quality applicants.

Before the rule, more than 80 percent of employers currently offer their workers just one choice, and this rule allowed businesses more flexibility to offer their workers' health insurance coverage. In fact, it is estimated that codifying this rule has and will help 11 million workers get this kind of coverage and 800,000 businesses offer this kind of coverage. This influx of covered Americans in the individual market will lead to more choice, lower premiums, stability, and innovation.

When the government does not allow for the expanded use of other coverage options, it eliminates the primary driver of lower costs and better-quality service: competition.

By giving employees more control over their healthcare dollars, the HRA proposal should make healthcare costs more transparent and put downward pressure on wasteful healthcare spending.

HRAs will also complement existing tools to expand healthcare choice as they can be used in conjunction with a Health Savings Account-qualified plan to pay for premiums, dental care and other expenses.

Congressman Dan Bishop's legislation to codify Health Reimbursement Arrangements (HRAs) will ensure millions of working families continue to have access to these accounts. This will preserve healthcare freedom and choice by making sure that workers continue to have the option to purchase healthcare through an HRA as an alternative to relying on employer provided insurance.

Onward,

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