



United States House Committee on

Ways & Means

CHAIRMAN JASON SMITH

H.R. 3798 – The Small Business Flexibility Act

Current Options for Small Business Health Benefits

Small businesses currently have access to a variety of tax-advantaged health benefit policies.

- CHOICE Arrangements
 - Tax-exempt, defined contributions to purchase health insurance on the individual market (no employer size and contribution limit restrictions).
- Qualified Small Employer Health Reimbursement Arrangements
 - Tax-exempt, defined contributions to purchase health insurance on the individual market (employer size and contribution limit restrictions apply).
- Small Business Health Care Tax Credit
 - Tax Credit available to small businesses with fewer than 25 employees to cover up to 50% of the cost of a qualified health plan for two years.

Barriers to Uptake for Small Business Health Benefits

- 70% of small businesses do not know of these flexible opportunities.
- 31% of small businesses with less than 50 employees offer health insurance.
- Employers are uncertain that CHOICE Arrangement flexibility will be permanent.
- Utilization of flexible health coverage options is not widely reported.

H.R. 3798:

- Requires the Treasury to notify businesses of the various flexible coverage options available to them, including CHOICE Arrangements, Qualified Small Employer Health Reimbursement Arrangements, and the Small Business Health Care Tax Credit.