



H.R. 3799 – The CHOICE Arrangement Act

Custom Health Option and Individual Care Expense (CHOICE) Arrangements

Health Reimbursement Arrangements (HRAs) allow employers to provide tax-advantaged funds to their employees to purchase qualified medical expenses (QMEs). A 2019 Trump Administration rule expanded HRAs to allow employees to purchase their own health insurance plan on the individual market through “CHOICE Arrangements”.

CHOICE Arrangements have key benefits:

- Defined contributions to purchase qualified health insurance or QMEs.
- Employer-contributed funds are excluded from federal income and payroll taxes.
- No restrictions on business size or annual contribution limits.
- CHOICE Arrangements may be offered to different “groups” of employees.
 - *Example:* Part-time, full-time, seasonal, employees in different locations.

Advantages for Small Businesses: Predictability and Certainty

CHOICE Arrangements are a voluntary option to provide health care benefits where employers can better budget for expenses while forgoing the complex process of choosing and managing a health insurance plan.

- 87% of small businesses report wanting another way to help their employees get health insurance without offering a traditional group plan.
- Small businesses are twice as likely to utilize CHOICE Arrangements than larger businesses.

Advantages for Employees: Portability and Choice

- 90% of individuals believe you should be able to take your health plan with you when you leave a job.
- 80% of individuals would prefer a monthly contribution from their employer to purchase their own health plan.
- 77% of individuals report their health plan is a primary reason they stay at their current job.
- 75% of businesses with fewer than 200 employees offered only one health plan option.

H.R. 3799:

- Codifies CHOICE Arrangements to permanently provide flexibility and financial certainty for small businesses while expanding health coverage options for their employees.