

December 28, 2018

The Honorable Steven Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Alexander Acosta
Secretary
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, D.C. 20210

The Honorable Alex Azar
Secretary
U.S. Department of Health & Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

RE: REG-136724-17
Submitted via www.regulations.gov

Dear Secretaries Mnuchin, Acosta and Azar:

On behalf of the undersigned businesses and national trade associations and organizations representing millions of American workers and their families, we welcome the opportunity to comment on the notice of proposed rulemaking (NPRM) entitled Health Reimbursement Arrangements and Other Account-Based Group Health Plans (REG-136724-17) issued by the U.S. Departments of the Treasury, Labor, and Health and Human Services. We write to support the proposed rule. Employers and employees should be provided additional flexibility to deal with rising medical costs, which the proposal will help accomplish. We encourage you to issue final rules as soon as practical.

More than 181 million Americans receive health coverage through the employer-sponsored system. Yet with enactment of the ACA and its numerous costly and burdensome requirements and mandates, many employers, and especially small businesses, have been unable to make an offer of coverage to their employees. In fact, the number of small businesses offering group health insurance has declined by 25 percent since 2010. Currently, less than half of small businesses offer any kind of health insurance to their workers. Small business owners still want to provide meaningful benefits that help their employees obtain health coverage and care at affordable rates as a means of both attracting top talent in a competitive labor market and helping to keep their employees healthy. An employer offer of an HRA for the purchase of individual health coverage (IHC) helps to achieve this goal.

We applaud the Departments for the development of the proposed rule to expand the offer of an HRA for the purchase of IHC by employers of all sizes. We welcome the flexibility that the proposed rule provides by enabling an employer to offer an HRA for IHC purchase to a specific class of employees. For the smallest of businesses or even ones that are on the cusp of the ACA's applicable large employer (ALE) threshold, having the ability to offer an HRA for IHC purchase to their full-time employees will help attract and retain talent and grow their business with the security of a healthy workforce. For larger employers who had the flexibility to offer an HRA to

their part-time employees prior to the ACA, the proposed rule lifts the ACA ban on this arrangement for employers with more than 50 employees and helps provide financial security to these employees. In addition, it permits employers to offer \$1,800 in benefits to employees for new excepted benefits HRAs.

We support allowing an employee to fund an HSA that can be used with an HSA-compatible policy purchased with HRA funds. We request the Departments provide clarity that an HRA that does not provide reimbursement for out-of-pocket expenses is compatible with a health savings account (HSA).

The proposed rule offers a fantastic opportunity to improve affordable health care options for small businesses and their workers, and we urge you to move swiftly to finalize the rules so that more small employers can help their workers defray the high cost of insurance premiums and/or other out-of-pocket medical expenses.

Thank you for considering our views.

Sincerely,

Associated General Contractors
Council for Affordable Health Coverage
National Association of Home Builders
National Association for the Self-Employed
National Retail Federation
WEX Health