

New Trump rule could help small business employees afford health insurance

By Sally Pipes | Published January 03, 2019 | [Opinion](#) | [FOXBusiness](#)

The Trump administration recently proposed a **new rule** that could make health insurance more affordable, and stands to impact 10 million American workers by 2028.



It's sorely needed. Many firms are dropping coverage because the premiums are just too expensive. They may want to help their workers with the cost of health insurance. But federal law effectively gives them two choices: offer expensive, comprehensive benefits that adhere to Obamacare's cost-inflating mandates, or do nothing.

The new rule would provide a third option. It would permit employers to give their employees monthly tax-free cash allowances to help them pay for coverage in the individual market.

Your health insurance dollars

The rule could prove revolutionary. In the short term, it will help millions gain coverage. But in the long run, it could give individuals, rather than employers, control over health insurance dollars. Such a change would spur competition in the insurance market -- and ultimately lead to higher quality, greater choice, and lower costs.

Sponsoring health insurance is becoming cost-prohibitive for many employers. The average premium for a family plan at firms with between three and 199 workers has nearly tripled since the turn of the century -- from \$6,500 in 2000 to \$19,000 today.

Some firms have responded by dropping coverage. In 2000, nearly all firms with 50 to 99 employees offered insurance. Now, 89 percent provide coverage.

Even if employees at small and medium-sized companies receive health benefits, they're unlikely to have a wide range of plans to choose from. Among companies with fewer than 200 employees that provide coverage, eight in ten offer just one plan.

The new rule would help reverse this trend by easing regulations on "health reimbursement arrangements." HRAs allow employers to set aside a fixed amount of money tax-free each month to reimburse employees for healthcare expenses.

The Obama administration severely restricted the use of HRAs. Companies were barred from using HRAs to reimburse workers for health plans they had purchased on their own in the individual market.

The new rule will get rid of that restriction. The **Treasury Department** estimates that by 2028, 800,000 employers will take advantage of expanded HRA options -- and thereby help more than 10 million workers pay for individual-market insurance.

More competition = more options

The increase in the number of customers in the individual market could result in more competition and a wider variety of insurance options.

Consider a pizza analogy. Right now, some businesses are catering pizza -- health insurance -- for their employees. The employer chooses the size and the toppings. If workers want pepperoni but the employer only offers cheese, they're out of luck. And some firms can't afford to provide pizza at all. So employees have to pay for it out of pocket, if they want it.

Soon, businesses will have the option of giving workers cash to help them cover the cost of whatever pizza they'd like to order. Budding restaurateurs will surely launch new pizzerias and types of pizza to compete for the dollars of this new stream of customers -- inexpensive pies, pies with all sorts of toppings, and more.

This is exactly what will happen in the individual health insurance market. Sending millions of new people into the individual market will encourage insurers to find ways to provide better, more individually tailored health plans at lower cost. And it will build on the Trump administration's other recent reforms, which have made a wider range of coverage options available to consumers -- such as Association Health Plans and Short-Term Limited Duration plans -- who don't like or can't afford what's available on Obamacare's exchanges.

The administration's proposed rule would give businesses a new way to offer health benefits and make it easier for millions of workers to purchase coverage that suits their needs and budget. It's time to finalize it.