



**HOUSE BILL 133 – (AUTHORIZE TAX CREDIT – SMALL EMPLOYERS WITH HEALTH REIMBURSEMENT)
PROPONENT TESTIMONY- OHIO HOUSE WAYS AND MEANS COMMITTEE**

APRIL 9, 2025

Chairman Roemer, Vice-Chair Thomas, Ranking Member Troy, and members of the Ohio House Ways and Means Committee, thank you for the opportunity to provide proponent testimony on behalf of the nearly 21,000 members of the National Federation of Independent Business in Ohio (NFIB) to lend our support for House Bill 133. My name is Cameron Garczyk and I serve as the Assistant State Director for NFIB in Ohio.

NFIB is a trade association founded in 1943 dedicated to representing the interests of small and independent businesses across our state and nation. NFIB's mission is to promote the right of our members to own, operate and grow their businesses. NFIB members come from all industry sectors and each of the 88 counties across Ohio. Our average member has 15 or fewer employees, truly representing Main Street across Ohio.

HB 133 would create a non-refundable tax credit for businesses with between two and fifty employees that offer an Individual Coverage Health Reimbursement Arrangement or (ICHRA) and contributes at least \$400 per year to a covered employee's account. ICHRA's are an innovative concept in the health insurance marketplace. These HRA accounts first became available at the beginning of 2020 and are still a relatively new option, and one that is still not widely known among employers. These plans are Affordable Care Act (ACA) compliant and compatible with Health Savings Accounts (HSAs). They allow an employer to set aside money for each participating employee so the employee can purchase a plan on the individual market that best suits their needs, and be reimbursed tax-free for qualified medical expenses, prescriptions, copays, or premiums, depending on how the plan is set up.

Most small businesses want to provide health insurance to their employees as it is an attractive benefit that can provide a competitive advantage when hiring or retaining employees. However, one of our recent surveys found the most important reason small employers don't offer health insurance is that it's simply too expensive, with an average of 65% reporting this reason. And of the small employers who currently offer health insurance, 98% are concerned that costs will increase to an unsustainable level in just the next 5 to 10 years.¹

In fact, the cost of health insurance has consistently ranked as the number one issue impacting our members' business operations since 1986, according to our quadrennial Problems and Priorities survey.² Unfortunately, as indicated by NFIB's recent Health Insurance Affordability Crisis Report, the small group market, where small businesses purchase health insurance, is in what can be referred to as death spiral. Enrollment in the small-group market has fallen a staggering 44% between 2014 and 2023, going from 15 million people to 8.5 million people. The average single plan premium jumped 120% in the last 20 years, and family plans have risen 129% over the same time for businesses with 50 or fewer employees.³ In 2024, the Kaiser Family Foundation reports the average annual health insurance premiums were \$8,951 for single coverage and \$25,572 for family coverage.⁴

Under the Affordable Care Act, businesses with more than 50 full-time employees are required to offer health insurance coverage, thus, the offer rate for firms with over 50 employees tends to be over 90%. However, when you drop below 50 employees, the offer rate plummets to 30%, down from around 50% in 2000. Additionally, the pool of options has shrunk as the average number of insurers in the small group market has dropped from thirteen in 2013 to just six in 2022.⁵

These statistics highlight the need for change in the world of employer-provided healthcare. ICHRA's can assist small enterprises who couldn't otherwise provide a health insurance benefit due to the cost. They can also aid in expanding insurance to a different class of employees, such as part-time workers, that the employer could not previously cover, while keeping an existing small group plan intact for the employees they could cover. HB 133 will incentivize businesses with a tax credit of up to \$400 per covered employee to provide these arrangements so that small businesses in Ohio can now look at a more affordable option to offer their employees.

NFIB would like to thank Representative Craig for sponsoring this important legislation to make Ohio a leader in bringing awareness to a beneficial tool for small businesses struggling to provide health insurance so they can add or expand coverage to keep their employees and their families healthy. For your reference, I have submitted to the committee both our NFIB Research Center's Health Insurance Affordability Report and Health Insurance Survey which contain a vast array of data on health insurance affordability. We appreciate the committee's consideration, and I am happy to answer any questions at this time.

¹ <https://www.nfib.com/news/news/new-nfib-survey-health-insurance-costs-remain-a-significant-challenge-for-small-businesses-2/>

² <https://www.nfib.com/small-business-problems-and-priorities/?tab=Select%20State%20Problems%20and%20Priorities>

³ <https://www.nfib.com/news/news/new-nfib-health-care-policy-paper-urges-lawmakers-to-enact-relief-for-main-street/>

⁴ <https://www.kff.org/report-section/ehbs-2024-section-1-cost-of-health-insurance/>

⁵ <https://www.nfib.com/news/news/new-nfib-health-care-policy-paper-urges-lawmakers-to-enact-relief-for-main-street/>