NFIB

Side-by-Side Comparison: Health Care Provisions in the Ways & Means Reconciliation Bill

Policy Area	Current Policy	Proposed Change in W&M Bill
Codification of ICHRAs (CHOICE arrangements)	Individual Coverage HRAs (ICHRAs) were created in 2019 through regulations issued by the U.S. Departments of the Treasury, Labor, and Health and Human Services.	Codifies CHOICE arrangements in statute modeled after ICHRAs. Allows employers to reimburse employees for individual market premiums and qualified medical expenses tax-free.
Small Business Health Insurance Tax Credit	The small business health care tax credit under the Affordable Care Act (ACA) requires use of SHOP exchanges and only applies to businesses with fewer than 25 employees. The eligibility criteria are complex and limit uptake.	Establishes a new simple CHOICE tax credit: $100/employee/month (year 1), $50/month (year 2) for small businesses under 50 FTEs. Or up to $1,200 in the first year, and $600 in the second year per employee enrolled in a CHOICE arrangement that constitutes minimum essential coverage. This is important relief for small businesses looking to offer health benefits for the first time or maintain them.
Pre-Tax Payroll (Cafeteria Plan) for Individual Plans	Section 125 plans cannot be used for individual ACA Exchange premiums.	Employees using CHOICE can pay ACA Exchange premiums pre-tax via a cafeteria plan—this is allowed for the first time. That means that after employer contributions, if the employee is paying for part of the premium, they can do so with pre-tax payroll dollars, just like a traditional group plan.
Direct Primary Care & HSA Integration	The IRS treats innovative DPC arrangements as disqualifying coverage for HSA purposes. These agreements are not clearly defined as medical expenses.	Clarifies that DPC arrangements are explicitly allowed as HSA-qualified medical expenses, and engaging in DPC services no longer disqualifies HSA eligibility.

Health Savings Account (HSA) Expansion	**For 2025** **HSA contribution limits.** $4300 self-only coverage. $8,550 Family coverage To contribute to an HSA, an individual must be enrolled in a high-deductible health plan (HDHP) with a minimum deductible of $16,50 for self-only and $3,300 for family. Individuals on Medicare cannot contribute. Fitness/ wellness services are generally excluded unless medically prescribed.	**Expands eligibility and allowable uses.** • Expands HSA eligibility to working seniors over 65; all individual market bronze and catastrophic plans; fixes spousal FSA conflict; allows HSAs to be compatible with on-site work clinics, allows certain fitness facilities or live instruction activities to be QMEs. • It includes other red tape fixes, such as allowing medical services incurred within 60 days before the establishment of an account to be eligible QMEs and allowing FSA and HRA funds to be converted into an HSA. • Marriage penalty fix to allow both spouses to make catch-up contributions to the same account. • Allows individuals who make less than $75,000 annually (or $150,000 in the case of families) to contribute an additional **$4,300** (or $8,550 in the case of families) each year to their HSA, indexed for inflation. Such additional amounts are phased out for individuals making $100,000 annually (or $200,000 for families).