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The Honorable Kevin Kiley
Chairman, Subcommittee on Workforce Protections
Committee on Education and the Workforce
U.S. House of Representatives
2176 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Alma S. Adams
Ranking Member, Subcommittee on Workforce Protections
Committee on Education and the Workforce
U.S. House of Representatives
2101 Rayburn House Office Building
Washington D.C. 20515

Dear Chairman Kiley:

Stride Health, Inc. (“Stride”) would like to thank the Committee on Education and the Workforce, Subcommittee on Workforce Protections, for holding the hearing, “Unlocking Opportunity: Allowing Independent Contractors to Access Benefits” and calling attention to the need for independent workers to obtain access to the same fringe benefits as traditional employees receive from their employers.

Over the last 80 years, the nature of how Americans work has changed from one centered around a traditional employer-employee relationship, with Americans not infrequently spending their entire careers with a single employer, to one that embraces independent work. A [study](#) by MBO Partners reported that, in 2023, 72.1 million Americans were independent workers. It is [projected](#) that, in 2027, almost 90 million Americans will be freelancing and they will make up just about 60% of the total U.S. workforce.

Stride simplifies the complexities of being an independent worker by creating a modern benefits system for individuals — regardless of their employment status — that they can take with them and to which companies can contribute but do not control. Stride is the first portable benefits platform, specifically designed for the over 72 million American independent workers who do not receive employer-based benefits. The Stride platform offers access to insurance — health, dental, vision, life and other supplemental insurance — as well as financial tools to track income, mileage and other deductible expenses to manage their tax obligations, all via a single app. Since launching in 2014, Stride has helped more than 4 million workers save more than \$5 billion on their taxes and monthly health insurance premiums.



Stride is partnered with over 100 organizations, including with the world's leading work platforms, employers and service providers of workers outside of traditional employee benefits models, such as Uber, Amazon, DoorDash, Instacart, Grubhub, Patreon, Care.com, Gusto, Gopuff, TaskRabbit, Recording Academy, ShiftKey and more so they can provide their workers with access to a full marketplace of health and wealth benefits. The company is backed by \$96 million in capital from Venrock, New Enterprise Associates, F-Prime Capital, Mastercard, Allstate and King River.

Last week, Stride announced a first-of-its kind portable benefits savings program in connection with long-time partner, DoorDash. Starting in July 2024, DoorDash will be providing eligible Dashers in Pennsylvania with funds for benefits via the portable savings platform that Stride has developed. DoorDash will contribute funds equal to 4% of each eligible Dasher's gross, pre-tip earnings for this purpose and Dashers will also be able to contribute their own personal funds to their portable benefit accounts. This week, Stride announced the launch of a similar contributions program in Utah with another workforce partner.

The reason that we partnered with DoorDash in this manner - and expect to announce additional partnerships along the same lines over the next few months - is because independent workers deserve the same benefits as traditional employees. Pennsylvania Governor Josh Shapiro hailed this program precisely because it "can give Pennsylvania workers greater access to benefits." American workers today view independent work as a bona fide career path and increasing numbers pursue independent work as their sole profession. Independent work allows people flexibility and helps millions care for children and older family members and to build their careers in ways that have not existed until the last 10-15 years. Being able to work as a delivery driver, caregiver or independent artist also means many Americans take on paid pursuits to supplement many important roles in our society.

As the nature of work changes, it is time to reconsider how we provide important benefits, including health, dental, vision and life insurance, as well as retirement planning support, to this growing sector of the American workforce. Presently, benefits are tied to employment status, so that only workers who are classified as employees are eligible to receive employer-subsidized health insurance and participate in employer-sponsored retirement plans. This current system was created in the 1940s, in response to legislation that was designed to limit employers' freedom to raise wages and thus compete on the basis of pay for scarce workers. In response to this legislation, employers began offering health insurance, retirement subsidies, sick leave, and other benefits in order to attract and retain talent.

Although Stride is leading the way in this arena, the time has come for the United States government to legislatively support a portable benefits system. There is no longer a valid policy reason to tie the provision of benefits to employment status or designate the provision of benefits as an indicator of employee classification. Portable benefits should be made equally available to independent workers and employees.



There is already a widely accepted, highly analogous, precedent for how to achieve this goal: 529 savings plans, which are vehicles for educational savings that can be spent at a variety of institutions and to which unlimited numbers of people can contribute. In the same way that a 529 plan belongs to a student, a portable benefit plan belongs to the worker who can spend the saved funds on an array of traditional fringe benefits. In the same way that a 529 plan can receive contributions from multiple people, a variety of companies (or the worker themselves, or the worker's family) can contribute to a portable benefit plan on behalf of a worker.

Portable benefit plans are highly advantageous to independent workers. Because multiple companies can contribute to them, either serially or simultaneously, workers can work for multiple companies at once or accept serial contracting opportunities, thus retaining the work flexibility that they crave while receiving the same benefits and financial stability as traditional employees who are tethered to a single source of income. Second, independent workers would not have to change health plans every time they start a new job if their benefits were portable. With a portable plan, independent workers could remain with their selected health care providers regardless of who was paying them, meaning that they would be able to maintain better continuity of care and manage chronic conditions without a lapse in care. Finally, independent workers with access to portable benefit plans would save money because they would not need to satisfy a new deductible every time they began a new job.

Companies like DoorDash and other participants in the "gig" economy increasingly are recognizing that contributing to portable benefit plans is the right thing to do for the independent workers who use their platforms and their own businesses. Contributing to a portable benefit account promises to boost worker retention by incentivizing independent workers to continue to provide services. On the other side of the coin, if workers are not tied to a particular employer because of a need to continue with benefits, they can more freely relocate to areas where there are workforce shortages or to obtain new opportunities. As I [noted](#) in an article that I published in [Fortune](#), many workers do not seek new opportunities because they depend on health benefits through their current employer. A Gallup poll that I cite in the article found that one in every six workers is staying in an unwanted job for fear of losing such benefits. Either way, portable benefit plans can meaningfully and positively affect both the rate of and quality of the work experience.

States have been leading the way on portable benefits to date. In 2023, [Utah](#) passed legislation providing that government or private entities could offer a portable benefit plan and that a company's contributions to a portable benefit plan "are not evidence of an employment relationship or employer liability; and may not be used as criteria in determining employment classifications." Other states, such as [Kentucky](#), [Minnesota](#), [New Jersey](#), and [Virginia](#) have introduced portable benefits bills in 2024, and other states, such as Massachusetts, Pennsylvania and Wisconsin, have introduced them in prior years.

Existing Federal employment law classification schemes, however, are stymieing innovation in this area. As the Subcommittee knows, the Department of Labor ("DOL") recently issued a new rule on independent contractor classification. Although the DOL insisted that the Rule and its interpretive guidance are "well-suited to the modern economy," we believe that it missed a valuable opportunity



to recognize and support the voluntarily independent workforce, given how radically our society has changed since 1940. While Stride agrees that protecting workers from misclassification and exploitation is critical, there must be a way to honor the choices of workers who choose to work for themselves. It is unfortunate that DOL neglected to acknowledge the shortcomings of existing laws to support these workers and, instead, focused on interpreting the Fair Labor Standards Act in a manner designed to maximize the possibility that workers lose their independent status.

Stride supports the *Portable Benefits for Independent Workers Pilot Program Act* introduced by Senator Mark Warner of Virginia and Todd Young of Indiana (joined by Representative Suzan DelBene of Washington), which would establish a \$20 million grant fund within the DOL to incentivize states, localities and nonprofit organizations to experiment with portable benefits models. This legislation aims to uncover creative solutions that would facilitate the provision of benefits in an economy increasingly dependent upon independent work. But this bill can go farther by decoupling worker classification from the provision of benefits, in the manner established by Utah, so that workers and companies have certainty around classification issues.

We thank Chairman Kiley for his leadership on this issue and the Subcommittee for holding this important hearing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Noah Lang".

Noah Lang
Chief Executive Officer
Stride Health, Inc.