

TO: The Honorable Members of the PA House Finance Committee

FROM: Neal Leshner, Vice President, Government Affairs

DATE: June 2, 2026

RE: **PA Chamber memo: H.B. 2550 – ICHRA Tax Credits**

I write on behalf of the PA Chamber of Business and Industry regarding HB 2550 which is scheduled for a vote by the committee this week.

HB2550 would authorize a tax credit for small employers who offer Individual Coverage Health Reimbursement Arrangements (ICHRAs) to their employees. ICHRAs were authorized by the federal government when the Departments of Treasury, Labor, and Health and Human Services released new regulations in 2019 and began as an option on January 1, 2020. ICHRAs allow small employers to use pre-tax dollars to contribute to their employees' purchase of individual health insurance. The tax credit proposed in HB 2550 would provide additional tax relief to those small employers at the state level and may incentivize additional small employers to utilize ICHRAs as an option to provide health insurance benefits to their employees.

As currently drafted, HB 2550 would only offer the tax credit if an employee purchases a plan through the Pennsylvania Insurance Exchange (Pennie). We believe this should be expanded to include individual plans purchased off the marketplace, directly from a private insurance company. Currently, ICHRAs can be used for any individual-market major medical health insurance plan that complies with the Affordable Care Act (ACA). While many major insurers in Pennsylvania participate in Pennie, there are also several major insurance companies that do not. By excluding insurance plans not on Pennie, this legislation would limit individual consumers' options when shopping for health insurance.

For any questions or further discussion, please contact Neal Leshner, Vice President of Government Affairs, at nlesher@pachamber.org or 717-507-9240.

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