

Health insurance premiums are rising rapidly for small businesses, making it increasingly difficult for them to offer quality and affordable coverage.

- [Half](#) of businesses with 3-49 workers cannot afford to provide health insurance to their employees.
- The median business with less than \$600,000 in annual revenue dedicates nearly [12%](#) of payroll spending to health insurance.
- The median proposed 2026 premium increase among small group insurers is [11%](#).

Small businesses need relief now.

Our bill will provide a **two-year tax credit** to businesses that offer their employees a Health Reimbursement Arrangement (HRA).

- Businesses with 50 or fewer employees will be eligible for the tax credit.
- The credit is worth \$400 per employee in year one and \$200 per employee in year two.

HRAs allow employers to set aside a fixed amount of money each month that employees can use to purchase individual health insurance or use on medical expenses, tax-free.

Our bill will **reduce administrative burden**:

- HRAs eliminate the need to choose, negotiate, and renew a group health plan each year.
- HRAs replace complex insurance administration with a simple reimbursement model.

Our bill will **create cost predictability**:

- On the individual market, your premium does not increase just because you get sick.
- But under small group plans, when one employee develops a chronic condition or has a medical emergency, premiums can rise for the entire group.

Our bill will **expand choice and flexibility**:

- HRAs allow employees to purchase the coverage that they need, given their circumstances and the insurance products that work best for them.

Our bill will **increase quality healthcare coverage**:

- [83%](#) of employers that offered an HRA to their employees in 2025 did not previously offer health insurance.
- [69%](#) of employees who received funding through an HRA chose silver or gold plans.

This tax credit will help small businesses offer health insurance while remaining competitive and managing costs. Illinois policymakers should take every possible step to make it more affordable for small businesses to begin offering health insurance benefits to their employees.