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NATIONAL COUNCIL OF INSURANCE LEGISLATORS (NCOIL)

Individual Coverage Health Reimbursement Arrangement Model Act

**Sponsored by Rep. Meredith Craig (OH)*

**Draft as of February 19, 2026. To be introduced and discussed during the Joint State-Federal Relations & International Insurance Issues Committee Interim Meeting on March 12, 2026.*

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Section 1. Title

This Act shall be known as the [State] Individual Coverage Health Reimbursement Arrangement Act.

Section 2. Purpose

The purpose of this Act is to authorize a nonrefundable income tax credit for a small employer that offers an individual coverage health reimbursement arrangement to its employees.

Section 3. Definitions

For purposes of this Act, unless the context requires otherwise, the following terms shall have the meanings as defined in this section:

(A) An Individual Coverage Health Reimbursement Arrangement (ICHRA) means a health reimbursement arrangement established pursuant to 45 C.F.R. 146.123.

(B) A “Health Benefit Plan” and “Health Plan Insurer” have the same meaning as [insert citation to relevant portion of state insurance code].

Section 4. Income Tax Credit for ICHRAs

(A) There is allowed a nonrefundable credit against a taxpayer's aggregate tax liability under [insert citation to relevant state tax code] for a taxpayer that, during the taxable year is either of the following:

- i. An employer that employs more than one and less than fifty-one total employees, cumulatively and regardless of any particular employee's length of tenure, provides an individual coverage health reimbursement arrangement to some or all of the employer's employees, and contributes at least xxxxx dollars per employee to that arrangement during the taxable year;
- ii. The owner of a direct or indirect interest in such an employer that is a pass-through entity.

(B) The credit shall equal xxxxx dollars multiplied by the number of the employer's employees who were provided benefits under an individual coverage health reimbursement arrangement, cumulatively and regardless of any particular employee's length of tenure, during the taxpayer's taxable year.

(C) The credit shall be claimed in the order prescribed by [insert citation to relevant state tax code]. A taxpayer described in subsection (A)(ii) of this section may claim its proportionate or distributive share of the credit allowed under this section.

(D) The tax commissioner may request that a taxpayer claiming a credit under this section furnish information as is necessary to support the claim for the credit under this section, and no credit shall be allowed unless the requested information is provided.

Section 5. Unfair and Deceptive Practices

The following are hereby defined as unfair and deceptive acts or practices in the business of insurance:

(A) Using any underwriting standard or engaging in any other act or practice that, directly or indirectly, due solely to any health status-related factor in relation to one or more individuals, does any of the following:

- i. Terminates or fails to renew an existing individual or employer-provided health benefit plan for which an individual or employer would otherwise be eligible;
- ii. Excludes, induces to exclude, or causes the exclusion of an individual from coverage under an existing employer-provided health benefit plan;

- iii. Steers an individual from coverage under an existing employer-provided health benefit plan to coverage under an individual health benefit plan;
- iv. Offers employers or individuals financial or other benefits as incentives for individuals to not enroll in, or to terminate enrollment in, an employer-provided health benefit plan, including by offering individuals an alternative to an employer-provided health benefit plan.

(B) Subsection (A) of this section does not prohibit either of the following:

- i. Providing information to an employer about an individual coverage health reimbursement arrangement or related tax credits available under Section 4 of this Act;
- ii. Establishing or advising an employer in the establishment of an individual coverage health reimbursement arrangement in accordance with 45 C.F.R. 146.123, et seq.

Section 6. Rules

The [insert relevant state entity] shall adopt rules to effectuate the provisions of this Act.

Section 7. Effective Date

This Act shall take effect xxxxx. The provisions of this Act applies to taxable years ending on or after the effective date of this Act.