COUNCIL FOR AFFORDABLE
HEALTH COVERAGE

November 17, 2026

Senator Tim Sheehy
124 Russell Senate Office Building
Washington, DC 20510

Dear Senator Sheehy,

The undersigned organizations represent businesses, small and large, and companies that support their employees through affordable, flexible health options. We write to thank you for your leadership on S. 2875, the *CHOICE Act*, and to urge you to make it a priority as Congress reconvenes. Enacting the *CHOICE Act* before the end of the 119th Congress would give employers and employees a lasting, flexible way to secure affordable health coverage.

Health care costs continue to rise faster than the economy and family incomes. Next year, employer costs will increase on average by 10 percent, which translates directly into higher premiums and out-of-pocket costs for workers.[1] Over the past 10 years, the average annual premium for employer-sponsored family coverage climbed from $18,142 to $28,303, an increase of 56 percent, while single coverage rose 52 percent, from $6,435 to $9,804.[2] Over the same period, premiums grew far faster than inflation (38 percent), and the share of workers facing a deductible of $2,000 or more for single coverage grew by 63 percent. And while many employers want to help their employees afford coverage, they face high costs and administrative barriers in offering traditional and account-based group plans. Small businesses feel this pressure acutely, with many (73 percent) considering dropping traditional health insurance benefits in 2027 altogether.[3]

These pressures are especially severe in Montana, where fewer than one in three firms with fewer than 50 employees (31.5 percent) offered health insurance in 2024, compared with 95 percent of larger firms.[4] Montana small employers that do offer coverage face proposed small group premium increases averaging 18.6 percent for 2027.[5] And PacificSource, one of the state's three primary health insurers, is leaving Montana entirely at the end of 2026, forcing employers of roughly 15,000 small group members to find new coverage.[6] CHOICE arrangements give these employers a predictable way to keep supporting their employees' health coverage.

The *CHOICE Act* addresses this challenge by codifying the 2019 regulatory creation initially known as Individual Coverage Health Reimbursement Arrangements (ICHRA) and since renamed as Custom Health Option and Individual Care Expense (CHOICE) arrangements.

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[1] International Foundation of Employee Benefits, *Pulse Survey: 2027 Cost Trend* (2026).
[2] KFF, *2026 Employer Health Benefits Survey* (Oct. 22, 2026); KFF, 2016 Employer Health Benefits Survey (Sept. 14, 2016).
[3] eHealth, "Survey: 54% of Small- to Mid-Sized Businesses Report Double-Digit Health Plan Premium Increases for 2027" (Sept. 16, 2026)
[4] KFF, State Health Facts, "Percent of Private Sector Establishments That Offer Health Insurance to Employees, by Firm Size" (2025).
[5] ACASignups.net, "2027 Rate Changes – Montana" (September 2026).
[6] Daily Montanan, "PacificSource to end Montana insurance operations" (May 2026).

These plans allow employers to contribute tax-advantaged funds that employees use to purchase the individual-market coverage that best fits their needs. Writing CHOICE into statute provides the certainty employers crave to plan for the long-term health coverage needs of their employees. In addition, the bill provides participating employers with a tax credit up to $1,200 per employee for the first year of coverage and up to $600 for the second year of coverage.

Our organizations support the *CHOICE Act* because it advances several shared priorities for expanding coverage and lowering costs:

- **Expanding Coverage:** *The CHOICE Act* gives small employers a straightforward, predictable way to offer meaningful health benefits while helping them hire and retain employees. More than two-thirds of small businesses offering CHOICE arrangements previously offered no health coverage to their employees.[7]

- **Enhancing Consumer Control**: By allowing workers to select and purchase their own individual-market plans, the legislation ensures coverage can better reflect individual and family needs rather than one-size-fits-all offerings. Employer CHOICE allowances fund 80 to 85 percent of the premium for the employee's plan selection[8], which is more than the average employer contribution of 73 percent to a traditional group plan.[9]

- **Stabilizing the Individual Market and Lowering Costs**: By enabling employer participation through individual market coverage, the bill expands affordable options for younger workers, which will help stabilize the individual market and lower costs by improving the risk pool. In fact, 56 percent of marketplace enrollees using CHOICE arrangements are aged 45 or less and are often healthier than other ACA enrollees.[10]

- **Protecting Consumers:** Importantly, employees may enroll on the Exchange or off the Exchange. In either case, the plan must be ACA-compliant individual market coverage. Individual market plans sold outside an Exchange are subject to the ACA's consumer protections, including guaranteed issue, rating protections, and essential health benefit requirements, and each issuer must treat its on- and off-Exchange individual market enrollees as a single risk pool. CHOICE arrangements can reimburse only individual market coverage that qualifies as minimum essential coverage; they cannot fund short-term, limited-duration insurance, excepted-benefit products, health care sharing ministry arrangements or other products that are not health insurance.

- **Providing Lasting Certainty:** Placing CHOICE arrangements into the U.S. Code protects employers and employees from shifting regulatory requirements and encourages broader adoption.

- **Modernizing ICHRAs to CHOICE:** Your bill recognizes the current inflexibility in regulation by updating rules to allow purchase of exchange insurance under a cafeteria plan.

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[7] 2026 HRA Council Data Report - Public

[8] Ibid

[9] 2026 Employer Health Benefits Survey | KFF

[10] 2026 HRA Council Data Report - Public

The *CHOICE Act* advances the core principles of affordability, transparency, and competition that make health coverage sustainable over the long term. We appreciate your leadership and urge you to secure its inclusion in legislation before the end of the year. Our organizations stand ready to help you move this commonsense reform across the finish line this year.

Sincerely,

Council for Affordable Health Coverage
eHealth Inc.
Employers Council on Flexible Compensation
Healthcare Leadership Council
HRA Council
Small Business & Entrepreneurship Council
Take Command
Thatch
U.S. Chamber of Commerce
Wex, Inc.
zizzl Health

cc: Members of the United States Senate