



January 29, 2025

RE: Extending the Enhanced Premium Tax Credits would help Pennsylvania small businesses

Dear Members of the Pennsylvania Congressional Delegation:

As a representative of Pennsylvania's small businesses, Small Business Majority urges you to pass legislation extending the Enhanced Premium Tax Credits (EPTCs) that make health insurance more affordable for entrepreneurs and their employees. This is critical as [more than half](#) of all ACA Marketplace enrollees are small business owners, solo entrepreneurs or small business employees.ⁱ Pennsylvania's health insurance exchange, Pennie, saw record enrollments for 2025, thanks to these tax credits which help make plans more affordable for Pennsylvanians who purchase their own insurance. During a time when Pennsylvanians are already struggling with the high cost of living, the EPTCs ensure Pennsylvanians who purchase their own coverage have affordable options and that Pennsylvania maximizes enrollment to continue building a strong health insurance market.

Small Business Majority is a small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

Small businesses employ [nearly half](#) of Pennsylvania's workforce, yet they continue to struggle to provide affordable healthcare coverage to their employees.ⁱⁱ A recent Small Business Majority [national poll](#) found that most small business owners who offer health coverage to their employees reported that the cost of insurance premiums (78%), deductibles (57%), copays (60%), prescription drug copays (60%) and hospital visits (59%) have risen over the past few years.ⁱⁱⁱ This data underscores that even though small businesses are willing to provide quality benefits, the current healthcare coverage landscape has become too costly for most small innovators to keep up.

For small business owners and employees who do not have the ability to obtain health insurance through employer-sponsored coverage plans, health insurance subsidies, including the EPTCs, are essential in helping people afford the individual or family health insurance plans offered through the ACA Marketplace. As the cost of providing healthcare skyrockets, many small business owners are unable to offer employer-sponsored group plans to provide coverage to themselves and their employees. This issue is compounded for sole proprietorships that largely rely on the individual markets, including the ACA Marketplace, to access coverage.

In 2010, the ACA established premium tax credits to help individuals and families with incomes between 100% and 400% of the federal poverty line (FPL) purchase health insurance on the ACA Marketplace. In 2021, the American Rescue Plan Act (ARPA) temporarily increased the amount of these tax credits for those who were already eligible while also expanding eligibility to individuals with income levels above 400% of the FPL, an income level into which many small business owners fall. The Inflation Reduction Act (IRA) later extended the temporary exception through the 2025 tax year. These enhanced subsidies have cut premium payments by an estimated 44% (\$705 annually) for marketplace enrollees who claim the premium tax credit.

Improvements to the premium tax credits have not only cut premium payments nearly in half, saving individuals hundreds of dollars annually, but have also expanded access to the credit and healthcare coverage overall. In 2024, a record 19.7 million people qualified for EPTCs and 21.4 million people signed up for ACA Marketplace coverage.^{iv} Additionally, the uninsured rate of small business employees and self-

employed individuals dropped to record lows in 2022 thanks in part to EPTC improvements and the expansion of Medicaid.

To ensure millions of Pennsylvanians, including small business owners, entrepreneurs and their employees can continue to access lower premium costs, Small Business Majority urges you to keep the Enhanced Premium Tax Credits in place. This will help address rising costs, keep our communities healthy, protect small businesses and employers, and protect Pennsylvanians from sudden increases in health insurance premiums.

Sincerely,

Awesta Sarkash
Public Policy Director
Small Business Majority

ⁱ “Small businesses see significant gains from the ACA.” Small Business Majority. October 2018. <https://smallbusinessmajority.org/our-research/healthcare/small-businesses-see-significant-gains-aca>

ⁱⁱ “2024 Small Business State Profile: Pennsylvania.” U.S. Small Business Administration Office of Advocacy. November 2024. <https://advocacy.sba.gov/wp-content/uploads/2024/11/Pennsylvania.pdf>

ⁱⁱⁱ “Opinion poll: Small businesses struggling with rising healthcare costs, support bipartisan policy solutions.” Small Business Majority. February 2024. <https://smallbusinessmajority.org/our-research/healthcare/small-businesses-struggling-rising-healthcare-costs-support-bipartisan-policy-solutions>

^{iv} “Health insurance costs will rise steeply if premium tax credit improvements expire.” Center on Budget and Policy Priorities. June 2024. <https://www.cbpp.org/research/health/health-insurance-costs-will-rise-steeply-if-premium-tax-credit-improvements-expire>