

**WRITTEN STATEMENT FOR THE RECORD BEFORE THE U.S. HOUSE
COMMITTEE ON WAYS & MEANS**

**“Full Committee Field Hearing: The One, Big, Beautiful Bill Delivering for the
American Economy”**

August 4, 2025

John Arensmeyer

Founder & CEO, Small Business Majority

Dear Chairman Smith, Ranking Member Neal, and members of the House Committee on Ways & Means:

As a leading representative and advocate on behalf of America’s 34 million small businesses, Small Business Majority appreciates the opportunity to provide written testimony in response to the Committee’s recent field hearing on the One Big, Beautiful Bill (OB BB) in Simi Valley, California. While the hearing was framed as a showcase for how the bill is 'delivering for the American economy,' the reality is that OB BB will strip access to affordable healthcare away from millions small business owners and employees, while permanently extending tax breaks that overwhelmingly benefit large, wealthy corporations at the expense of Main Street.

Small Business Majority is a national small business organization that empowers America's diverse entrepreneurs to build a thriving and equitable economy. From our 12 offices across the country, including those in Northern, Central and Southern California, we engage our network of more than 85,000 small businesses and 1,500 business and community organizations to deliver resources to entrepreneurs and advocate for public policy solutions that promote inclusive small business growth. Our work is bolstered by extensive research and deep connections with the small business community that enable us to educate stakeholders about issues impacting America’s entrepreneurs, with a special focus on the smallest and most under-resourced businesses.

**America's small business community relies on Medicaid and the ACA for affordable
healthcare coverage**

Access to affordable and reliable healthcare coverage is essential in supporting the development and growth of small businesses nationwide – offering a critical employee retention tool for employers that can provide access to health coverage for their employees. However, employer-sponsored coverage options remain out of reach for the majority of our nation’s smallest, most under-resourced businesses. This leaves millions of small business owners, self-employed entrepreneurs, and Main Street workers left to rely on individual coverage options, including through Medicaid and the Affordable Care Act (ACA) Marketplace.

Medicaid and the ACA Marketplace are essential in expanding access to affordable healthcare coverage for the small business community, both nationwide and in California. One-third of all Medicaid enrollees nationwide are connected to a small business – whether that be small business owners, or family members, including children, of those owners and employees. Furthermore, 3.3 million small business owners and self-employed entrepreneurs enrolled in coverage through the ACA Marketplace in 2022, representing nearly 30% of all Marketplace enrollees.¹ In 2022, over 15 million Californians relied on Medi-Cal, the state’s Medicaid program, for health coverage in 2022, accounting for approximately 40%

¹ “Affordable Care Act Marketplace Coverage for the Self-Employed and Small Business Owners.” U.S. Department of the Treasury Office of Tax Analysis. September 2024. <https://home.treasury.gov/system/files/131/ACA-Mkt-Coverage-Self-Employed-Small-Business-Owners-09232024.pdf>

of the state's population, and over 450,000 California small business owners and self-employed entrepreneurs received coverage through Covered California, the state's ACA Marketplace.²

Millions of California small business owners and employees will lose access to affordable healthcare under OBBB

While access to individual healthcare coverage options like Medicaid and the ACA Marketplace is vital for the small business community, OBBB enacted more than \$1 trillion in cuts to these essential programs through sweeping structural reforms, threatening to strip healthcare coverage from 10 million people.³ Once again, Main Street will bear the brunt of these cuts, putting millions of small business owners and employees who rely on Medicaid or the ACA Marketplace at risk of skyrocketing healthcare costs or losing coverage altogether. When access to Medicaid and the Marketplace is restricted, small business owners and employees alike will undoubtedly be forced to look elsewhere for coverage or go without it altogether. For example, small business owners may be forced to abandon their entrepreneurial pursuits and return to traditional employment just to access employer-sponsored coverage, while Main Street workers may be forced to leave their small firms in search of jobs at larger companies that offer health benefits.

California will be disproportionately affected by the structural changes to Medicaid and the ACA, which will place further constraints on California's state budget, putting millions of Medi-Cal and Covered California recipients at risk of losing coverage as a result. The California Health and Human Services Agency (CalHHS) recently estimated that nearly 4 million Medi-Cal recipients could lose coverage due to changes made in OBBB.⁴ Additionally, more than 600,000 Covered California enrollees—the state's ACA Marketplace—are at risk of losing coverage under the revised eligibility and enrollment rules enacted through reconciliation.⁵ These new provisions and requirements put millions of California small business owners at risk of losing their healthcare coverage, and potentially their dream of entrepreneurship. Among them is Guillermo Jimenez, founder and managing director of Tapezco Financial Consulting Services in Bakersfield, who relies on Medi-Cal for coverage:

"Medi-Cal is a crucial lifeline for new small business owners like me who need the security of health coverage to become full-time entrepreneurs. As is the case with many other new small businesses, it's taking time for my business to become profitable. With personal expenses and inconsistent income while trying to build up a client base, private insurance is out of reach. Medi-Cal is the most viable and only true option for my family and I. It has been especially helpful for my children as the program has allowed me to take them for emergency medical visits when needed. If my family and I lost our Medi-Cal coverage, I would have to think very seriously about closing my business and returning to work for someone else, mainly so we could access healthcare."

A failure to extend the ACA's enhanced premium tax credits will result in higher premiums for millions of entrepreneurs

Small business owners and employees enrolled in ACA Marketplace coverage stand to see their monthly premium rates skyrocket next year when the ACA's enhanced premium tax credits (PTCs) expire at the end of this year. These enhancements, which were approved by Congress in 2021 and then extended in 2022, strengthened the tax credit for lower-income enrollees while also expanding eligibility to individuals with incomes above 400% of the federal poverty line – an income level many small business owners and self-employed entrepreneurs fall under. Expansions to the PTC have helped lower healthcare costs for millions of small business owners across the nation, allowing entrepreneurs to reinvest more of

² "Medi-Cal Facts and Figures Essential Source of Coverage for Millions." California Health Care Foundation. June 2024. <https://www.chcf.org/wp-content/uploads/2024/06/MediCalFactsFiguresAlmanac08052024.pdf>

³ "Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline." Congressional Budget Office. July 21, 2025. <https://www.cbo.gov/publication/61570>

⁴ "Navigating Federal Cuts to Health and Human Services in California: A Presentation with CalHHS." California Health & Human Services Agency. July 22, 2025. https://www.youtube.com/watch?v=cPgCod_EqUo

⁵ Ibid.

their earnings into their business. In 2022, 2.7 million small business owners and self-employed entrepreneurs claimed the PTC, including nearly 300,000 who would not have qualified without the enhanced provisions. In California alone, 83% of Marketplace enrollees who were small business owners or self-employed entrepreneurs claimed the PTC in 2022.⁶

If the ACA's enhanced PTCs are allowed to expire this year, ACA enrollees could see their monthly premium costs rise by an average of 75%, putting the cost of coverage out of reach for many.⁷ Californians enrolled in the Marketplace through Covered California could see their monthly premiums increase by \$101 a month, a 66% increase compared to current rates, and more than 173,000 Californians would lose eligibility for the PTCs entirely if the enhancements are not extended.⁸ Nationwide, the Congressional Budget Office (CBO) estimates that an additional 4.2 million individuals will lose healthcare coverage if the enhanced provisions expire, leading to higher costs across insurance markets as the number of uninsured individuals grows.⁹

Although reconciliation offered a critical opportunity to extend the enhanced PTCs, Congress chose to delay action, leaving millions of small business owners uncertain about what coverage options they'll be able to afford as the next open enrollment period quickly approaches. California small business owners enrolled in Covered California, like Heather Altman, the owner of Altman Environmental Consulting, are now left wondering how they can land on their feet if they can't afford the expected monthly premium increases. While Heather currently makes too much to qualify for the PTCs, she worries that the expiration of the enhancements, paired with changes to the Marketplace enrollment process enacted through OBBA, will indirectly cause her premiums to increase due to the number of individuals that will be kicked off coverage.¹⁰ As a self-employed entrepreneur who relies on Covered California for coverage, Heather said, "If this is what I knew the situation would be when I started my business, I never would have done it."

It isn't too late to act. Congress faces multiple opportunities throughout the end of this year to make good on its promise to support small businesses, entrepreneurs, and Main Street-oriented communities in rural and small-town America. The impact resulting from a failure to act would be nothing short of catastrophic. We call upon Congress to support our nation's small business community by ensuring that our nation's job creators can continue to access quality and affordable healthcare options. Healthy businesses are sustainable businesses, and without support from Congress, our business community will pay unimaginable debts to an already broken healthcare system.

From healthcare to taxes, OBBA leaves Main Street behind

As millions of small business owners and their employees brace for the impact of devastating cuts to healthcare programs, larger businesses and corporations stand to gain from the permanent extension of several tax provisions that will further hinder small businesses' ability to compete with their larger counterparts. Presented with an opportunity to reassess how the tax code can better support growth on Main Street, Congress instead ignored disparities in our tax system and permanently extended provisions like the Sec. 199A pass-through deduction without significant structural reforms that would have provided our nation's smallest businesses with the increased tax relief they require. Small Business Majority

⁶ "Affordable Care Act Marketplace Coverage for the Self-Employed and Small Business Owners." U.S. Department of the Treasury Office of Tax Analysis. September 2024. <https://home.treasury.gov/system/files/131/ACA-Mkt-Coverage-Self-Employed-Small-Business-Owners-09232024.pdf>

⁷ "How Much More Would People Pay in Premiums if the ACA's Enhanced Subsidies Expired?" KFF.

<https://www.kff.org/interactive/how-much-more-would-people-pay-in-premiums-if-the-acas-enhanced-subsidies-expired/>

⁸ "Consumer Premiums Will Spike And Insurance Enrollment Gains Will Be Reversed If Enhanced Premium Tax Credits Are Allowed to Expire." Covered California. April 2025. <https://hbex.coveredca.com/data-research/library/Brief%201%20IRA%20ACA%20Premium%20Impacts%202025.pdf>

⁹ "Estimated Effects on the Number of Uninsured People in 2034 Resulting From Policies Incorporated Within CBO's Baseline Projections and H.R. 1, the One Big Beautiful Bill Act." Congressional Budget Office. June 4, 2025.

https://www.cbo.gov/system/files/2025-06/Wyden-Pallone-Neal_Letter_6-4-25.pdf

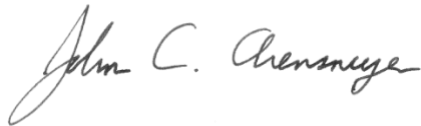
¹⁰ "Get insurance on Covered California? What you need to know about cost increases." Cal Matters. July 22, 2025. <https://calmatters.org/health/2025/07/gop-budget-increases-health-insurance-costs/>

research found that 74% of small business owners support reforms to Sec. 199A included in the Mom and Pop Tax Relief Act (H.R. 3249) which would have allowed business owners to deduct their first \$25,000 in qualifying business income instead of the existing 20% deduction.¹¹

To foster the development and growth of our nation's vibrant small business ecosystem, Congress must recognize not only the critical role programs like Medicaid and the ACA Marketplace play, but also the need to better tailor tax relief for the smallest businesses that oftentimes do not generate enough income to fully benefit from existing tax credits and deductions. Unfortunately, OBBB falls short for Main Street and will instead wreak havoc on small businesses and their employees nationwide.

Small Business Majority appreciates the opportunity to provide written testimony in response to this hearing, and we look forward to working with the Committee to advance the needs of America's small business community. For any questions or additional information, please contact our Government Affairs Director, Alexis D'Amato, at adamato@smallbusinessmajority.org.

Sincerely,

A handwritten signature in dark ink, reading "John C. Arensmeyer". The signature is fluid and cursive, with the first name "John" being the most prominent.

John Arensmeyer
Founder & CEO
Small Business Majority

¹¹ "Small businesses support Section 199A reform and bottom-up tax benefits." Small Business Majority. May 8, 2025. <https://smallbusinessmajority.org/our-research/taxes-budget-economy/small-businesses-support-section-199a-reform-and-bottom-tax-benefits>