
Written Testimony of John Arensmeyer, Founder and CEO, Small Business Majority

**U.S. Senate Permanent Subcommittee on Investigations
“Defining Our Healthcare Problem, and Principles We Should Follow to Solve it”**

December 10, 2025

Dear Chairman Johnson, Ranking Member Blumenthal and members of the Permanent Subcommittee on Investigations:

As a leading representative of America's 36 million small businesses, Small Business Majority thanks the Subcommittee for the opportunity to submit this statement for the record on the critical role the Affordable Care Act (ACA) has played in expanding access to affordable, quality healthcare for our nation's small businesses.

Small Business Majority is a national small business organization that empowers America's 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 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 key issues impacting America's entrepreneurs, with a special focus on the smallest businesses and those facing systemic inequities.

The ACA has been nothing short of a game changer for small businesses nationwide. Before the ACA was implemented, small businesses paid 18% more on average for health coverage than larger companies, usually for less comprehensive plans.¹ In the years following the implementation of the ACA, however, the average annual increase in costs in the small group market dropped significantly, while also making it easier for small business owners or self-employed individuals with pre-existing conditions to afford coverage.

Trends for self-employed workers were similar, with their uninsured rate falling from 27.3 percent in 2013 to 18.4 percent in 2016, reaching a record low of 16.4 percent in 2022.² The number of uninsured self-employed workers fell by 1.3 million from 2013 to 2022.³

Karin McKie, a self-employed small business owner in Chicago, is one example of the positive impact the ACA has had on solopreneurs. For over 30 years before the ACA went into effect, Karin was health insurance insecure. She occasionally had health benefits through full-time jobs, but primarily she relied on a patchwork of COBRA coverage or parental assistance. Often, she avoided seeking care entirely.

In 2013, everything changed for Karin. Thanks to the ACA, she was finally able to purchase health insurance without working for a full-time employer. The opportunity to buy quality, affordable care on her own very likely saved Karin's life. About a decade ago, she had a long-lasting cold, for which she was prescribed antibiotics. Unfortunately, she had a delayed intolerance to that medicine, which turned into anaphylaxis. With her throat and eyes starting to swell shut, she walked herself to the hospital. Karin said

¹ “Small businesses see significant gains from the ACA.” Small Business Majority. October 16, 2018.

[https://smallbusinessmajority.org/our-research/healthcare/small-businesses-see-significant-gains-aca#:~:text=Before%20the%20Affordable%20Care%20Act%20\(ACA\)%2C%20small,larger%20companies%2C%20usually%20for%20less%20comprehensive%20plans.](https://smallbusinessmajority.org/our-research/healthcare/small-businesses-see-significant-gains-aca#:~:text=Before%20the%20Affordable%20Care%20Act%20(ACA)%2C%20small,larger%20companies%2C%20usually%20for%20less%20comprehensive%20plans.)

² “ACA Drove Record Coverage Gains for Small-Business and Self-Employed Workers.” Center on Budget and Policy Priorities. July 17, 2024. <https://www.cbpp.org/blog/aca-drove-record-coverage-gains-for-small-business-and-self-employed-workers#:~:text=Trends%20for%20self%20Employed%20workers%20were%20similar%2C%20with,by%201.3%20million%20from%202013%20to%202022.>

³ Ibid.

she likely would not have gone to the ER that day if she didn't have insurance. Had she not sought care, she might have died. Today, small business owners like Karin make up the core of ACA Marketplace participants. In fact, in 2025 alone 5.2 million small business owners and self-employed entrepreneurs enrolled in coverage through the Marketplace.⁴ When accounting for enrollees who are employed by a small business with fewer than 25 employees, nearly half of all Marketplace enrollees are tied to a small business in some way.⁵ This amounts to more than half of all Marketplace enrollees.

One of the reasons that small business participation in the ACA Marketplace remains high is because of the enhanced premium tax credits (EPTCs). Karin's ACA health plan costs about \$590 per month. That cost would rise to nearly \$1,000 per month, however, if she did not receive the EPTC, which helps lower premiums for health insurance plans purchased through the ACA Marketplace but are set to expire at the end of 2025. The EPTC is critical for small business owners like Karin. In reality, 82% of small business owners and self-employed entrepreneurs enrolled in the ACA Marketplace in 2022 claimed the EPTC.⁶ If the EPTC is allowed to sunset, it's estimated that more than 4.4 million entrepreneurs who currently receive premium tax credits will each lose an average of \$1,500 in assistance next year.⁷ As for Karin, she says she might have to abandon self-employment just to take a job with healthcare benefits. Entrepreneurs like Karin shouldn't be constrained by "golden handcuffs," and no one should be locked in a job just to access a necessity like health insurance.

What's more, the enactment of the ACA led to a significant drop in the uninsured rate for employees of small businesses, falling from 25.2 percent in 2013 to 16.3 percent by 2022.⁸ This drop amounted to 4.9 million fewer uninsured employees of small businesses in 2022 than in 2013.⁹ Providing a path for small business employees to secure quality healthcare coverage is critical to the success of small firms. Although it's often true that small businesses can compete on salary with larger corporations, they are less likely to be able to offer the same level of benefits as a big business. The result is the biggest companies often hoard top talent.

Although the headline-grabbing debate in health policy right now is whether or not Congress should extend the EPTCs, this debate is really a proxy for whether or not the ACA should be upheld. Opponents of the ACA have argued for over 15 years that the law is an example of so-called "government overreach." At best, this view is a misunderstanding. At worst, it undermines an effective policy that has helped millions of small business owners and their employees.

As an organization that has supported the ACA since before it was even law, we can say with confidence that it remains as necessary to small business success today as ever. Although it's impossible to know how many small businesses and self-employed individuals would close up shop without the ACA, it was estimated by the Robert Wood Johnson Foundation that the ACA would help launch more than 1.5 million new small firms.

What's more, the EPTCs exist, in part, because Congress correctly recognized that the ACA has not made healthcare as accessible as it was intended to be. But the reasons for that are not, as ACA opponents claim,

⁴ "Congress' Failure To Extend Enhanced Premium Tax Credits Will Greatly Increase Health Insurance Costs for Small-Business People." Center for American Progress. October 28, 2025. <https://www.americanprogress.org/article/congress-failure-to-extend-enhanced-premium-tax-credits-will-greatly-increase-health-insurance-costs-for-small-business-people/>

⁵ "About Half of Adults with ACA Marketplace Coverage are Small Business Owners, Employees, or Self-Employed." KFF. September 10, 2025. <https://www.kff.org/affordable-care-act/about-half-of-adults-with-aca-marketplace-coverage-are-small-business-owners-employees-or-self-employed/>

⁶ "U.S. Department of the Treasury Releases New Data Showing 3.3 Million Small Business Owners and Self-Employed Workers Covered by Affordable Care Act Marketplaces in 2022." U.S. Department of the Treasury. September 25, 2024. <https://home.treasury.gov/news/press-releases/jy2608#:~:text=Over%202.7%20million%2C%20or%2082,owners%20and%20self%20employed%20workers.>

⁷ "Congress' Failure To Extend Enhanced Premium Tax Credits Will Greatly Increase Health Insurance Costs for Small-Business People." Center for American Progress. October 28, 2025. <https://www.americanprogress.org/article/congress-failure-to-extend-enhanced-premium-tax-credits-will-greatly-increase-health-insurance-costs-for-small-business-people/>

⁸ "ACA Drove Record Coverage Gains for Small-Business and Self-Employed Workers." Center on Budget and Policy Priorities. July 17, 2024. <https://www.cbpp.org/blog/aca-drove-record-coverage-gains-for-small-business-and-self-employed-workers>

⁹ Ibid.

because the law was flawed from the beginning. Instead, healthcare costs have skyrocketed in the past five years for a host of reasons.

First, the ACA is not working exactly as Congress intended because it has not been allowed to operate as Congress designed it. In 2017, opponents of the ACA ended the law's requirement that individuals purchase health insurance or pay a small fee if they chose to go without health coverage. This change went into effect in 2019 and has resulted in fewer people enrolling in health insurance plans. Those who have exited the market tend to be younger and healthier customers. The remaining pool of insurance customers is now smaller and contains a greater percentage of older and sicker people, which drives up costs for everyone.

Second, the impact of COVID-19 upended our entire healthcare system, driving hospitals out of business, driving doctors, nurses and other medical professionals away from the healthcare industry, and driving up costs across the board. Since all these occurrences happened over the course of just a few years, it became unavoidable that the cost of providing and receiving care would rise for everyone. Naturally, this all had an impact on the ACA. Where ACA premiums once rose by less than 10% per year, 26% is the estimated average premium increase for 2026.¹⁰

A pandemic on the scale of COVID-19 could not have been foreseen by Congress. But when it occurred, lawmakers took critical steps to help keep the ACA Marketplace afloat and ensure that more Americans could continue to access care by creating the EPTCs. The EPTCs, therefore, are not a reflection of a broken system. They are a necessity that resulted from a catastrophe. Despite the fact that we are five years removed from the pandemic, health costs have continued to skyrocket at the expense of America's small business community, necessitating the continuation of the EPTCs until more substantial affordability reforms can be made.

Third, a major driver of rising healthcare costs is the growing consolidation within the industry, fueled by anticompetitive mergers and acquisitions of hospitals and other healthcare facilities which frequently result in higher costs for consumers and small businesses alike, with no apparent improvements in service or outcomes. The proliferation of consolidation, paired with skyrocketing private equity healthcare acquisitions, has resulted in a highly concentrated healthcare system in which a select few hospital networks retain strong leverage over insurance companies and providers. This allows hospitals to negotiate higher prices and force insurance providers to include certain high-cost providers in their network. For example, when hospital chains contract with insurance companies, they often require the insurer to work with a majority, if not all, of the hospitals in their system, leaving insurance companies little choice but to work with large hospital systems and comply with their reimbursement rates and service costs. This often leads to increases in premium costs and ultimately impacts small businesses and their employees who are left to pick up the bill.

Fourth, several states have still refused to expand Medicaid, which is yet another reason that the ACA may not be operating as planned. When states expanded Medicaid eligibility between 2013 and 2022 thanks to the ACA, Medicaid coverage increased by 2.5 million for employees of small businesses and 1.3 million among self-employed workers.¹¹ As the individuals eligible for expanded Medicaid offerings are less likely to be able to afford ACA plans on their own, offering Medicaid eligibility to as many people as possible is an important step.

Arguments against the ACA fail to acknowledge any of these realities. But that isn't the biggest problem. The biggest problem is that opponents of the ACA have had 15 years to propose an alternative that would benefit not only small businesses but Americans as a whole. In all that time, we have not seen even one proposal that would more effectively lower costs and deliver better care for small businesses. In fact,

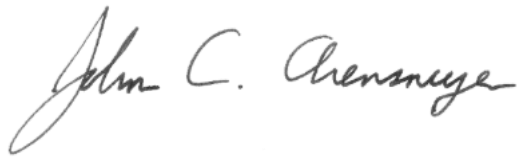
¹⁰ "ACA Marketplace Premium Payments Would More than Double on Average Next Year if Enhanced Premium Tax Credits Expire." KFF. September 30, 2025. <https://www.kff.org/affordable-care-act/aca-marketplace-premium-payments-would-more-than-double-on-average-next-year-if-enhanced-premium-tax-credits-expire/>

¹¹ "ACA Drove Record Coverage Gains for Small-Business and Self-Employed Workers." Center on Budget and Policy Priorities. July 17, 2024. <https://www.cbpp.org/blog/aca-drove-record-coverage-gains-for-small-business-and-self-employed-workers>

instead of strengthening the ACA or offering a superior replacement, opponents of the law have pushed association health plans and skimpy insurance plans as alternatives. Such plans may sound good on paper because they may pretend to offer lower costs. What they really offer, however, are fewer benefits and higher costs for those who need more care. These plans also serve to entice even more young and healthy customers to leave the ACA Marketplace, further driving up costs for the older and sicker individuals who do not benefit from slimmed down plans.

Small Business Majority's research has found time and again that America's job creators are struggling with the rapidly rising costs of healthcare. As a result, small businesses would welcome improvements to our healthcare system. To date, no serious plan has emerged. If Congress cannot offer a better health insurance system, it should at least focus on making what we already have better. And that starts with renewing the enhanced premium tax credits. Doing so is an easy way to benefit millions of small businesses overnight.

Sincerely,

A handwritten signature in black ink that reads "John C. Arensmeyer". The signature is written in a cursive, flowing style.

John Arensmeyer
Founder & CEO
Small Business Majority