



March 12, 2019

Assemblymember Jim Wood
State Capitol
P.O. Box 942849
Sacramento, CA 94249

RE: Pending legislation to extend healthcare affordability (AB 174)

Dear Assemblymember Wood,

As a representative of the 28 million small businesses in America and the more than 3.5 million in California, Small Business Majority writes today in support of AB 174, which would extend tax credits to individuals struggling to access affordable healthcare. Extending tax credits to those currently just above the cutoff from premium subsidies will benefit many of California's small businesses, their employees and self-employed entrepreneurs.

Small Business Majority is a national small business organization with multiple offices throughout California, founded and run by small business owners to ensure America's entrepreneurs are a key part of a thriving and inclusive economy. We actively engage small business owners and policymakers in support of solutions that promote small business growth and drive a strong economy. A key component of our work involves outreach and education to small business owners on a range of small business issues, including healthcare, retirement security, access to capital and more.

The Patient Protection and Affordable Care Act (ACA) has provided healthcare to 24 million individuals nationwide who otherwise couldn't access coverage, many of whom work for small employers or are themselves business owners or self-employed individuals. In California alone, data from the U.S. Census Bureau compiled by [Covered California](#) showed that the uninsured rate in the state dropped by nearly 60% by 2017 thanks to the ACA. The ACA is the first meaningful healthcare reform to help address these needs and disparities for small businesses, and it's been particularly important for California's self-employed entrepreneurs. In fact, 8.1% of self-employed entrepreneurs are enrolled in a plan through Covered California with subsidies in 2015, compared to just 2.9% of all workers.

Despite these gains, roughly three million Californians still do not have insurance. Of those who are uninsured, [1.8 million are employed](#), with one in six self-employed ([roughly 324,000](#) solo entrepreneurs) and 44% working at a small business with fewer than 50 employees. Currently, individuals making above 400% of the federal poverty level (\$48,560 annually for an individual, or \$65,840 for a married couple) are ineligible for federal financial assistance, which affects an estimated [550,000 Californians](#). According to the U.S. Small Business Administration, the median income in California for self-employed individuals with an incorporated business was [\\$57,420 in 2016](#), indicating that many small business owners likely just miss the cut-off for federal assistance with health insurance premiums.

AB 174 would address this issue by significantly improving affordability for thousands of middle-income individuals and families, including many entrepreneurs and small business employees. The bill would extend premium subsidies for individuals making between 400% and 600% of the FPL. This premium assistance would be provided through a personal tax income credit. Addressing affordability issues for those making between 400% and 600% of the FPL would in turn help promote a more robust small business economy by reducing job lock, allowing workers who previously felt tied to their job by their large employer-benefits package to strike out on their own

entrepreneurial path or join thriving small businesses. Recent [opinion polling](#) from Small Business Majority found California small business owners strongly support this proposal, with 7 in 10 poll respondents agreeing that premium subsidies should be expanded for those making up to 600% of the FPL.

What's more, increasing affordability will make small businesses more competitive when they are seeking to hire talent. These small firms are more likely to be unable to afford to offer employer-sponsored health insurance. By expanding affordability of marketplace coverage, we can ensure more workers at the smallest firms can gain inexpensive coverage, which would also level the playing field for small businesses so they can continue to serve as California's top job creators.

California's small businesses look forward to the day when one's employment and income status don't govern access to quality, affordable care. To continue the progress made under the ACA, we urge you to support AB 174 to make healthcare even more affordable.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark Herbert".

Mark Herbert, California Director
Small Business Majority