



April 24, 2018

The Honorable Jim Wood, Chair
Assembly Health Committee
State Capitol, Room 6005
Sacramento, CA 95814

RE: Legislation Pending on Affordable Health Premiums (AB 2565)

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 2565, which would extend additional assistance to individuals who qualify for premium subsidies but still struggle to access affordable healthcare.

Small Business Majority is a national small business organization with multiple offices throughout California, founded and run by small business owners to focus on solving the biggest problems facing small businesses today. 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.

Over the past six years, 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, more than [five million](#) people now have insurance thanks to the healthcare law and the state's efforts to promote robust insurance marketplaces. The individual marketplace has been crucial to expanding access to quality, affordable healthcare for the small business community, with [8.1% of self-employed](#) Californians (370,000 total) enrolled in a plan through Covered California in 2015, compared to just 2.9% of all workers. 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.

Despite these gains, many Californians still struggle to afford monthly premiums. Currently, individuals making below 400% of the federal poverty level (\$48,560 annually for an individual, or \$65,840 for a married couple) are eligible for some federal financial assistance. However, these individuals are still required to spend a significant portion of their income on their premiums, ranging from 2% to 9.6%. This means that for an individual making \$4,000 a month, they could find themselves paying nearly \$400 a month on their healthcare premiums.

AB 2565 would significantly improve affordability for thousands of low- and moderate-income individuals and families, including many entrepreneurs and small business employees, by ensuring that no one would spend more than 8% of their income on health insurance premiums. This legislation would not only address healthcare affordability for Californians, but would in turn help promote a more robust small business economy by reducing job lock and making 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 2565 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