

## The expiration of the ACA's enhanced premium tax credits will devastate the small business community

Access to affordable, quality healthcare is imperative to the sustainability and growth of small businesses nationwide. As employer-sponsored coverage options remain out of reach for the majority of our nation's smallest employers, the **Affordable Care Act (ACA) Marketplace** has become a vital source of affordable coverage for millions of small business owners and employees. In fact, small business owners and self-employed entrepreneurs now make up nearly 30% of all Marketplace enrollees and are *three-times* more likely to rely on the Marketplace for coverage than others. With more than \$1 trillion in cuts to Medicaid from the "One Big Beautiful Bill Act" (HR 1) and the impending expiration of the ACA's enhanced Premium Tax Credits (PTCs) this year, policymakers must act immediately to protect and strengthen the ACA, ensuring that small business owners and their employees can continue to access affordable coverage. The expiration of the enhanced credits will also create negative trickle-down impacts on the rest of the healthcare market, resulting in premiums skyrocketing for those not eligible for PTCs as risk pools shrink and coverage becomes more expensive.

### Enhanced PTCs lower costs and expand access to coverage for entrepreneurs

The increasing number of small business owners enrolled in the Marketplace has largely been driven by the enhancements made to the ACA's PTCs, which lower monthly premium costs for more than 90% of all Marketplace enrollees. These enhancements, which were first passed by Congress in 2021 and later extended in 2022, strengthened the tax credit for lower-income Marketplace enrollees and extended eligibility to middle-income individuals with incomes over 400% of the federal poverty line.

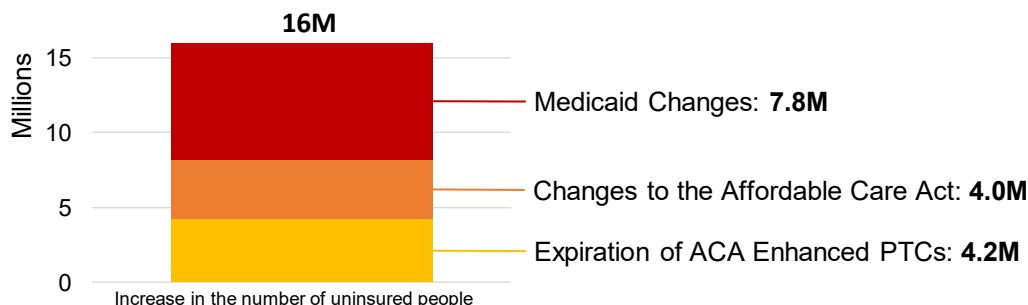
In 2022 alone, over 2.7 million (82%) of the 3.3 million small business owners and self-employed entrepreneurs enrolled in the ACA Marketplace claimed the PTC, including nearly 300,000 entrepreneurs who would not have been eligible for the tax credit if not for the enhancements.

### Cuts to healthcare programs, paired with the expiration of the enhanced PTCs, will directly impact Main Street

Despite their proven success of lowering costs and expanding access to coverage, the ACA's enhanced PTCs are scheduled to expire at the end of 2025—immediately putting millions of small business owners and employees at risk of seeing their **monthly premiums skyrocket by an average of 75%** next year or being priced out of coverage entirely. The Congressional Budget Office (CBO) estimates that **4.2 million individuals would lose access to coverage** if the enhancements expire.

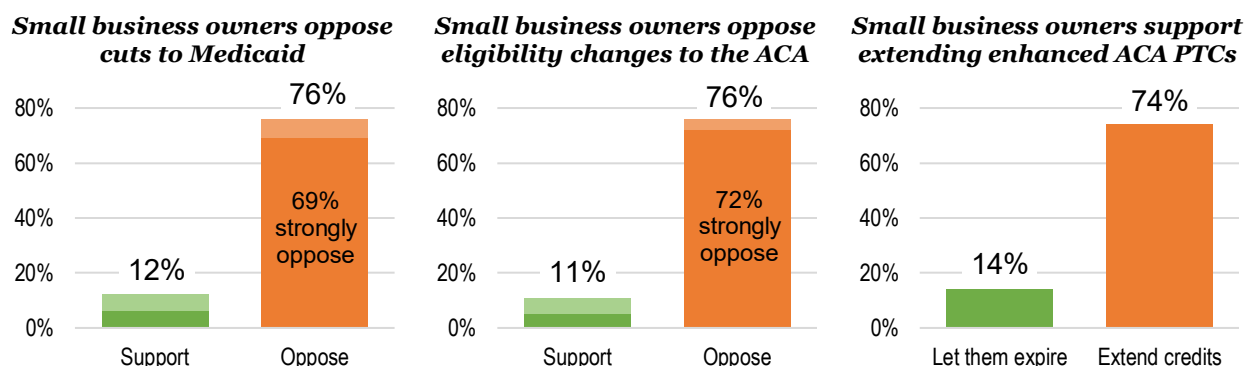
Small business owners are also facing the effects of more than \$1 trillion in cuts to Medicaid and major ACA enrollment and eligibility changes enacted through HR 1, which will leave more than an additional 10 million individuals without healthcare coverage. Given these reductions, the enhanced PTCs have become more essential than ever to help maintain access to affordable healthcare.

### 16 million more could be uninsured from the OBBB and other ACA Marketplace changes



Source: CBO

- Small business owners worry about changes to healthcare coverage for themselves and their employees, citing financial stress due to higher costs (73%), having to provide private coverage to employees (44%) and challenges recruiting and retaining employees without coverage (43%).
- Small Business Majority's research found that nearly three-quarters (74%) of small business owners support extending the enhanced PTCs.
- 76% of small business owners oppose the eligibility and enrollment changes made to the ACA through the passage of the OBBBA (72% strongly oppose).
- 76% of small business owners oppose cuts to Medicaid enacted through the passage of OBBBA (69% strongly oppose).



### Small business owners tell us they'll be feeling the pain if Congress fails to act

The threat of skyrocketing premium costs due to the expiration of the ACA's enhanced PTCs will overwhelm small business owners nationwide who rely on these credits to afford quality coverage through the Marketplace. If Congress fails to act, many entrepreneurs may be forced to seek other coverage options, often putting their business ventures on hold to reenter the workforce in search of employer-sponsored health coverage. Here's a sample of what business owners in our network are telling us:

*"I'm still grateful the Affordable Care Act Marketplace exists. But with the enhanced premium tax credits set to expire, I honestly won't be able to afford my plan if that happens. Right now, I pay about \$550 a month, and that's with tax credits covering around 50%. Without those credits, it would cost close to \$1,000 a month—which I simply couldn't afford. Before the ACA, I only had insurance now and then, when I could scrape together the money. As a freelancer, that was just the reality. The federal subsidy is essential because small businesses—collectively the largest employer in the country—are the backbone of our economy."*

Karin McKie, Owner of Tree Falls Productions in Chicago, IL

*"Thanks to the Affordable Care Act, I can no longer be outright denied health insurance as a person with a pre-existing condition. Thanks to the enhanced tax credits, I still pay over \$700 a month for my health insurance, but it is manageable. Without the enhanced tax credits, I would be paying approximately \$1,400 per month for my same plan. The cost of the plan goes up every year, so it may even be more next year. Keep in mind, this plan is not for the care of an entire family. It is simply to cover a single individual - me. This would be incredibly burdensome for me as a small business owner to sustain and would be increasingly difficult as costs rise."*

Andrea Deutsch, Owner of Spot's - The Place for Paws in Narberth, PA

#### Sources:

Small Business Majority research, <https://smallbusinessmajority.org/our-research>  
 U.S. Department of the Treasury, <https://home.treasury.gov/news/press-releases/jy2608>  
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 KFF, <https://www.kff.org/affordable-care-act/issue-brief/inflation-reduction-act-health-insurance-subsidies-what-is-their-impact-and-what-would-happen-if-they-expire/>