

May 6, 2025

The Honorable Brett Guthrie
Chairman
Committee on Energy & Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Frank Pallone
Ranking Member
Committee on Energy & Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Guthrie, Ranking Member Pallone and members of the House Committee on Energy & Commerce:

On behalf of Small Business Majority and the undersigned state and national organizations which represent the needs of America's 34 million small businesses, we write to urge the Committee to prioritize the needs of our nation's job creators and entrepreneurs by rejecting any cuts to Medicaid that would make it more difficult and costly for millions of small business owners and their employees to access affordable healthcare coverage.

While access to affordable and quality healthcare is essential for the growth and development of small businesses and their workforce, many of our nation's smallest businesses simply cannot afford to provide employer-sponsored coverage for their employees. Due to continued increases in private healthcare costs, more than 7 million business owners and employees must rely on Medicaid for affordable coverage.¹ Medicaid plans have served as a lifeline for many freelancers, small business owners and their workers, allowing owners the ability to focus on growing their businesses and contributing to the small business economy while providing employees with access to healthcare that they need. In fact, nearly half of working Medicaid recipients in 2023 were employed at small businesses with fewer than 50 employees.² Furthermore, the uninsured rate among small business employees and self-employed entrepreneurs fell to record lows in 2022 following states' implementation of the Affordable Care Act's Medicaid expansion as Medicaid coverage increased by 2.5 million for small business employees and 1.3 million among self-employed entrepreneurs.³ The numbers clearly demonstrate that Medicaid programs across the country are critical to the sustainability of many small businesses.

While bringing down costs of healthcare by lowering costs and increasing transparency into our healthcare system is the ultimate goal, Congress must support entrepreneurs by recognizing the importance of Medicaid for affordable healthcare options and to staunchly oppose any cuts to the program that would inevitably force small business owners and employees to pay more for coverage or lose it entirely. Cutting Medicaid to fund trillions of dollars' worth of tax cuts will undoubtedly result in irreparable harm to Main Street, as entrepreneurs may be forced to abandon their ventures to regain employer-based coverage, or risk losing employees to larger companies that offer healthcare benefits. In fact, recent Small Business Majority national polling found that 57% of small business owners oppose cuts to Medicaid.⁴

¹ Small Business Majority analysis of the U.S. Census Current Population Survey Annual Social and Economic March Supplement (2024), looking at Medicaid coverage for workers at private companies with under 100 employees. <https://data.census.gov/app/mdat/CPSASEC2024/vars>

² "Understanding the Intersection of Medicaid and Work: An Update." KFF. February 4, 2025. <https://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work-an-update/>

³ Ibid.

⁴ "Small business owners oppose government agency cuts, worry about tariffs." Small Business Majority. April 21, 2025. <https://smallbusinessmajority.org/sites/default/files/April-2025-survey-small-business-oppose-government-agency-cuts-tariffs.pdf>

Instead of pursuing harmful cuts to Medicaid to fund trillions in tax breaks that overlook the needs of true small businesses, there are plenty of ways that Congress can work to bring down the cost of healthcare while also saving money for the federal government and taxpayers. Those reforms include the following proposals.

- Implementation of site-neutral payment reform for Medicare would save roughly \$157 billion over a ten-year period and encourage similar reforms that could lead to hundreds of billions in additional savings.⁵
- Establishing billing transparency and increasing oversight into hospital and healthcare systems including requiring hospitals to establish off-campus billing practices that would save the government over \$2.3 billion across a ten-year period. Alongside transparency efforts, Congress should closely consider the impact on unchecked hospital consolidation and its role in driving up costs of care throughout our entire health system.
- Support bi-partisan legislation like the Lower Costs More Transparency Act that would bring down the cost of healthcare for consumers, small businesses, and their employees across the nation.

As small businesses continue to feel the pressure from economic headwinds including tariff uncertainty, high interest rates and a lack of access to key programs that have historically supported their growth, the last thing small business owners and their employees should have to worry about is Congress stripping away their healthcare coverage. We strongly urge the Committee to reject any cuts to Medicaid that put our small business ecosystem at risk of losing coverage and to seriously consider other cost-saving alternatives that would benefit lower costs for Americans overall.

Sincerely,

Small Business Majority

American Booksellers Association

BCL of Texas

Black Chamber of Commerce of New York City

California Association for Micro Enterprise Opportunity (CAMEO)

Colorado Black Chamber of Commerce (CBCC)

Community Enterprise Development Services (CEDs)

El Pajaro Community Development Corporation

Families USA

Main Street Alliance (MSA)

National Veterans Chamber of Commerce

National Women's Law Center

Rocky Mountain Microfinance Institute (RMMFI)

Small Business Forward

South Carolina Small Business Chamber of Commerce

Startup Colorado

Unite-LA

Uptima Entrepreneur Cooperative

Wezesha Dada Center (WDC)

Women Employed

Women Impacting Public Policy

⁵ "Medicare Framework Calls for Important Site-Neutral Reforms." Committee for a Responsible Federal Budget. November 2024. <https://www.crfb.org/press-releases/medicare-framework-calls-important-site-neutral-reforms>