



**TESTIMONY BEFORE THE
CALIFORNIA ASSEMBLY COMMITTEE ON HEALTH
IN SUPPORT OF AB 2459**

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Thank you, Chair Wood, Vice Chair Mayes and members of the Assembly Committee on Health:

As a representative of the more than 3.8 million small businesses in California, Small Business Majority is pleased to offer testimony today in support of proactive solutions to ensure all of California's small businesses and self-employed entrepreneurs have access to quality, affordable healthcare.

Small Business Majority is a national small business advocacy organization founded in California with three offices in the state and 7,000 business owners in our California network. We are run by small business owners and believe that entrepreneurs and small employers are essential components of a sustainable, robust and healthy communities and local economies. We actively engage small business owners and policymakers in support of public policy solutions, and deliver information and resources to entrepreneurs so that they have the tools they need to thrive. A key part of our work over the past 12 years has been to advocate for policies that help small businesses, their employees and self-employed entrepreneurs access affordable and comprehensive health coverage. Providing tax credits to help individuals struggling to afford monthly healthcare premiums would accomplish just that.

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.

Prior to the ACA, small businesses and their employees comprised a disproportionate share of the working uninsured. 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, 370,000 self-employed Californians ([8.1% of self-employed](#)) enrolled in a plan through Covered California with subsidies in 2015, compared to just 2.9% of all workers.

Despite these gains, 2.9 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 company with fewer than 50 employees. A [study from UC Berkeley Labor Center](#) recently found that affordability is the most cited reason those eligible for Covered California lack insurance across all income levels. 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. The Berkeley Labor Center report estimates this affects 495,000 Californians. According to the U.S. Small Business Administration, the median income in California for self-employed individuals with an incorporated business was [\\$56,142 in 2015](#), indicating that many solo entrepreneurs likely just miss the cut-off for federal assistance with health insurance premiums. Many of these individuals likely cannot easily afford to fully cover their monthly premiums and deductibles,

which can exceed \$10,000 or even \$15,000 a year. This also holds true for small business employees, who tend to have lower income.

AB 2459 would address this issue by significantly improving affordability for thousands of middle-income individuals and families, including many entrepreneurs and small business employees. Addressing affordability 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. While job lock has been reduced under the ACA, it remains a critical issue if insurance is unaffordable.

What's more, increasing affordability will make small businesses more competitive when they are seeking to hire talent. Roughly half of California's private-sector employees work for a small business, and California's small businesses created nearly [200,000 jobs in 2014](#). The smallest businesses, with one to four employees, saw the largest gains, adding more than 36,000 jobs in 2014. These small firms are also 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 2459 to make healthcare even more affordable. Thank you for the opportunity to comment on this important issue for our state's small business community. I would be happy to answer any questions.