

December 10, 2025

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable John Thune
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Johnson, Majority Leader Thune, Minority Leader Jeffries and Minority Leader Schumer:

As a leading representative of America's 36 million small businesses, Small Business Majority writes to express the urgent need for Congress to pass a clean extension of the Affordable Care Act's (ACA) enhanced premium tax credits (EPTCs) which have been critical for lowering costs and expanding access to affordable healthcare coverage for the millions of small business owners and employees enrolled in the Marketplace. With the end of ACA Marketplace open enrollment just days away in most states, small business owners and their employees are on the verge of seeing their healthcare premium payments increase by an average of 114% next year if the EPTCs are not extended—an increase that will cause irreparable harm to our nation's economy.¹

Although affordable, high-quality healthcare is a priority for small businesses and their employees, the vast majority of the smallest businesses lack the resources to provide employer-sponsored coverage. For these businesses and entrepreneurs, the 2013 launch of the ACA Marketplace, along with the expansion of the premium tax credit in 2021 and 2022, transformed access to affordable, high-quality healthcare coverage. As a result, uninsured rates among self-employed entrepreneurs and small business employees reached record lows in 2022, and **small business owners, self-employed entrepreneurs and small business employees now make up nearly half of all ACA Marketplace enrollees.**² Recent enrollment growth among small business owners and self-employed entrepreneurs can largely be attributed to the EPTCs, which are claimed by more than 90% of all Marketplace enrollees and roughly 85% of the 5.2 million small business owners and self-employed entrepreneurs enrolled in the Marketplace this year.³

Just as the expansion of the premium tax credit lowered costs and broadened access to affordable coverage for small businesses, their expiration threatens to saddle millions of entrepreneurs and small business employees with unsustainable premium increases next year. If Congress fails to pass a clean extension of the EPTCs before the end of open enrollment, more than 4.4 million small business owners and entrepreneurs who rely on the credit could lose an average of \$1,500 in assistance next year—creating additional financial strain and forcing many to choose between maintaining healthcare coverage and keeping their businesses afloat.⁴ The small business workforce will face similar challenges, as rising

¹ "ACA Marketplace Premium Payments Would More than Double on Average Next Year if Enhanced Premium Tax Credits Expire." KFF. September 30, 2025. <https://www.kff.org/affordable-care-act/aca-marketplace-premium-payments-would-more-than-double-on-average-next-year-if-enhanced-premium-tax-credits-expire/>

² "About Half of Adults with ACA Marketplace Coverage are Small Business Owners, Employees, or Self-Employed." KFF. September 10, 2025. <https://www.kff.org/affordable-care-act/about-half-of-adults-with-aca-marketplace-coverage-are-small-business-owners-employees-or-self-employed/>

³ Ibid.

⁴ "RELEASE: 4.4 Million Small-Business People Face \$1,500 Increase in Health Premium Costs if Congress Fails To Extend Enhanced Tax Credits." The Center for American Progress. October 28, 2025. <https://www.americanprogress.org/press/release-4-4-million-small-business-people-face-1500-increase-in-health-premium-costs-if-congress-fails-to-extend-enhanced-tax-credits/>

premiums are already driving Main Street employees to seek jobs at larger firms that can offer comprehensive healthcare coverage. Furthermore, the expiration of the EPTCs will have broader consequences that extend beyond the individual Marketplace enrollees who claim the credit. The Congressional Budget Office estimates that gross benchmark premiums for all plans purchased through the Marketplace will increase by an average of 7.9% from 2026-2034 if the EPTCs are not extended and small businesses that purchase plans through the small group market have been confronted with an immediate median premium increase of 11% next year.^{5 6} As premiums increase across healthcare markets, it's no surprise that two-thirds of small business owners report that these increases strain their finances, with nearly half describing the burden as major.⁷

While Congress has had multiple opportunities to extend the EPTCs this year, lawmakers' repeated inability to agree on a clean extension has now put small business owners and employees across the country at risk of paying substantially more for coverage next year or losing their coverage altogether. The stories shared below by small business owners are all too common as rising premiums costs are forcing millions of entrepreneurs to make difficult decisions about the future of their healthcare coverage.

- **Andrea Deutsch, Owner of Spot's - The Place for Paws in Narberth, PA:** “My name is Andrea Deutsch, and I am the mayor of Narberth, Pa., where I am also the owner of Spot's - The Place for Paws, a pet store that I have created and worked for the past 22 years. I am also a Type 1 diabetic and must have health insurance in order to get the medical care I need to remain alive and healthy. 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. I am not alone in this struggle. The crushing weight of the cost of health insurance, without the enhanced tax credits, threaten the ability of small businesses such as mine to exist. I am, consequently, asking Congress to affirm their commitment to stand with small business and to continue to support the enhanced tax credits.”
- **Courtney Vargas, Owner of Empower Independent Living Services in Santa Rosa, CA:** “As a self-employed individual, my premium is \$340 per month. Without the tax credits, I would pay over \$1200 per month for my coverage. This is hugely important to me as someone with a muscle disease, Spinal Muscular Atrophy, that requires health insurance to treat. I'm on medication that prevents its progression and without it, I may lose the ability to walk.”
- **A small business owner in the special events industry from Portland, OR:** “My employees rely on the Affordable Care Act because my company is too small to be able to get decent pricing if we were to provide a group health insurance option. We have a small team of four full-time and four permanent part-time employees, plus a pool of more seasonal 'gig workers.' All of those who are insured buy their healthcare coverage through the ACA and rely on the enhanced premium tax credits premiums in order to afford their insurance. When I asked several of my employees what they would do without the enhanced premium tax credit, one told me they would drop their insurance entirely while another said they would likely have to marry their partner just to get on a health plan. My employees should not be forced to make these

⁵ “The Effects of Not Extending the Expanded Premium Tax Credits for the Number of Uninsured People and the Growth in Premiums.” Congressional Budget Office. December 5, 2024. <https://www.cbo.gov/system/files/2024-12/59230-ARPA.pdf>

⁶ “How much and why premiums are going up for small businesses in 2026.” Peterson-KFF Health System Tracker. September 24, 2025. <https://www.healthsystemtracker.org/brief/how-much-and-why-premiums-are-going-up-for-small-businesses-in-2026/#Distribution%20of%20proposed%202026%20rate%20changes%20among%20318%20ACA-compliant%20small%20group%20insurers>

⁷ “Voice of Main Street: Small businesses support healthcare premium relief, immigration reform.” Small Business Majority. November 13, 2025. <https://smallbusinessmajority.org/our-research/voice-of-main-street/small-businesses-support-healthcare-premium-relief-immigration-reform>

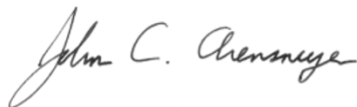
choices, and I'm afraid that my business wouldn't be able to help them obtain quality insurance if they cannot purchase it on their own.”

- **A small business owner in Chicago, IL:** “Due to rising costs, I recently had to terminate my business’ small group health insurance plan. Now, most of my employees will have to rely on the ACA Marketplace for coverage—and with the enhanced premium tax credits set to expire, they could face even higher costs. Some of us are even considering switching to catastrophic insurance or Direct Primary Care providers because these premiums have simply become untenable for our families.”

Congress still has time to act and save entrepreneurs from the crippling burden of navigating the American healthcare system without access to affordable coverage options. Ahead of congressional action over these next few weeks, we urge lawmakers to act in the best interests of America’s small businesses community by passing legislation that includes a clean extension of the EPTCs that will protect access to affordable coverage for the millions of job creators, innovators, and workers that rely on the Marketplace for affordable healthcare. Rushed, incomplete proposals to address the expiration of the EPTCs—with stricter income caps, phase-outs, burdensome guardrails, and impractical approaches to controlling rising healthcare costs—will fail to address the immediate problem and will still leave millions of enrollees facing higher premiums next year. Without a clean extension that delivers real relief to small businesses and their employees, our business community will face crippling costs in an already overburdened healthcare system.

Thank you for your time and consideration of this important matter. Should you have any questions, please contact Alexis D’Amato, our Government Affairs Director, at adamato@smallbusinessmajority.org.

Sincerely,



John Arensmeyer
Founder & CEO
Small Business Majority