

Preserving the benefits of the Affordable Care Act

Over the past four years, the Patient Protection and Affordable Care Act (ACA) has provided healthcare to 24 million individuals who otherwise couldn't access coverage, many of whom work for small employers or are themselves entrepreneurs. While we believe certain provisions of the ACA can and should be improved, repealing the ACA will eradicate hard-won benefits for America's entrepreneurs, cause a rapid rise in healthcare costs and create tremendous economic instability.

Prior to the law's enactment, small businesses and their employees comprised a disproportionate share of the working uninsured. And when they could access health coverage, small businesses paid on average 18% more than their larger counterparts. The ACA is the first meaningful healthcare reform to help address these disparities for small businesses.

Since 2010 the increase in small business healthcare costs has been at the lowest level in years, following regular double-digit increases prior to the law's enactment. In fact, between 2008 and 2010, the average yearly premium increase in small-group market was 10.4%. Between 2011 and 2015, the average increase was just 5.2%. What's more, the number of uninsured small business employees (those working at firms with fewer than 50 workers) dropped by more than four million between 2013 and 2015 and their uninsured rate fell from 27.4% to 19.6%.

The ACA has also eliminated "job lock," allowing workers who previously felt tied to their job by their benefits package to strike out on their own entrepreneurial path or join thriving small businesses. The Robert Wood Johnson Foundation predicted 1.5 million more people would launch their own business because of the ACA.

Additionally, the health insurance marketplaces created under the healthcare law have been crucial to helping more small businesses, self-employed entrepreneurs and small business employees gain access to health coverage. The U.S. Department of Treasury found that in 2014, one in five people who purchased healthcare through an ACA marketplace was a small business owner, self-employed or both.

In addition to the financial support that enables entrepreneurs and small business employees to purchase medical insurance in competitive markets, the law has enabled most states to expand their Medicaid programs, allowing the lowest-income small business employees to obtain health coverage.

We know from our [scientific opinion polling](#) that small businesses support the healthcare law. In fact, nearly 6 in 10 small businesses say they support the ACA, and they prefer it to the American Health Care Act, the Republican plan to repeal and replace the healthcare law, by a 2:1 ratio.

We cannot return to the old way of doing business. Rather than repealing the ACA, we must improve the law, making it even easier for small business owners, their employees and self-employed Americans to gain the coverage that is necessary for their success and prosperity.

Small Business Majority Healthcare Reform Recommendations

As such, we urge Congress to reject politically-motivated efforts to repeal the ACA, including recent efforts that would deny coverage to millions of Americans, and instead work together on common-sense improvements to the law, as well as additional reforms that will strengthen our healthcare system. These include:

- Strengthening, not weakening, the current system of subsidies that has enabled many entrepreneurs to build their businesses without fear that they might lose their healthcare.

- Continuing to expand Medicaid, a program that has provided coverage to 14 million more Americans under the ACA, including nearly two million small business employees who gained coverage under Medicaid expansion.
- Strengthening the small group market, and in particular, opposing legislation that would create separate risk pools for some employers, understanding that these proposals would increase costs across the rest of the small group market.
- Improving existing healthcare markets so insurers can be profitable and competitive as part of a robust healthcare system. This includes strengthening risk adjustment for carriers and reversing recent moves to weaken risk adjustment programs in order to keep costs down for consumers and incentivize insurers to remain in the federal health insurance marketplaces.
- Opposing legislative proposals to increase costs for middle-aged consumers, particularly the rapidly growing number of entrepreneurs between ages 50-64.
- Addressing the rising cost of prescription drugs, understanding that these costs are hurting small business owners' bottom lines.
- Enacting delivery system reforms to ensure healthcare is provided in the most efficient and affordable way possible. This includes the following principles:
 - Ensuring providers are compensated on value rather than volume.
 - Creating more transparency on pricing and quality to allow patients to make informed decisions about where they receive care, which will benefit the healthcare system overall.
 - Using new technology to improve outcomes and lower costs
- Simplifying and expanding the small business tax credit so more small businesses can afford to offer coverage to their employees.
- Passing healthcare tax equity for the self-employed so that freelancers can deduct their healthcare expenses from their FICA tax obligations.