

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 business owners and self-employed individuals. While we believe certain provisions of the ACA can and should be improved, repealing the ACA would 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 has predicted 1.5 million more people will 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. We know from our [scientific opinion polling](#) that nearly 60% of small business owners support the ACA.

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 and self-employed entrepreneurs to obtain health coverage.

Now that efforts to repeal the ACA have failed, it is crucial to improve the law and strengthen the health insurance marketplaces to ensure small business owners, their employees and self-employed Americans have access to the coverage that is necessary for their success and prosperity.

Small Business Majority's Healthcare Reform Recommendations

We urge Congress to reject any ongoing efforts to repeal the ACA or destabilize the health insurance marketplaces, and instead work in a bipartisan manner on common-sense improvements to the law, as well as additional reforms that will strengthen our healthcare system. These must include the following:

- Taking immediate steps to stabilize the individual health insurance marketplaces. This must include supporting the following proposals:
 - Guaranteeing payments to insurers for cost-sharing subsidies, which help many entrepreneurs and small business employees afford health coverage. Lack of certainty regarding these payments has already created instability in the marketplaces, causing many insurers to exit or drastically raise premiums for 2018.

- 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.
- 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 in order to keep costs down for consumers and incentivize insurers to remain in the federal health insurance marketplaces. Additionally, lawmakers should create a permanent reinsurance program, which would help stabilize premiums in the individual marketplaces by providing a support for insurers for high financial losses.
- Reinstating the ACA's risk corridor program to help protect against carriers overpricing or underpricing their products in order to keep premiums low and insurance markets sustainable.
- Strengthening the small group market so small employers can access affordable coverage and robust options. This includes:
 - Opposing legislation that would create separate risk pools for some employers, and in particular, opposing proposals to authorize association health plans (AHPs), which would encourage younger, healthier groups to purchase inadequate coverage, thus increasing costs for most of the small group market, which in turn would likely cause a death spiral.
 - Simplifying and expanding the small business tax credit so more small businesses can afford to offer coverage to their employees.
- 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.
- Providing additional options for consumers in counties that have few or no participating insurers in the ACA marketplaces by allowing them to purchase plans through the Federal Employee Health Benefits Program (FEHPB).
- Promoting robust enrollment marketing and outreach and reinstating the November 15-February 15 enrollment period. This would ensure entrepreneurs and small business employees have the information and time needed to enroll in the individual marketplaces.
- Passing healthcare tax equity for the self-employed so that freelancers can deduct their healthcare expenses from their FICA tax obligations.
- Addressing the rising cost of prescription drugs, understanding that these costs are hurting small business owners' bottom lines—including allowing Medicare to negotiate prices with drug companies.
- 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
- Preserving the Prevention & Public Health Fund—a program established by the ACA that helps contain healthcare costs, making it easier for small businesses to offer health coverage.