U.S. Small Business Administration

PRESS OFFICE

Fact Sheet

America's Entrepreneurs and the Affordable Care Act: Strengthening Health Care for the Self-Employed

A Broken System…

- Health care is a top concern for small business owners, including the 22 million self-employed individuals across the country.
- Historically, the self-employed have faced many barriers to coverage, including being denied overage based on pre-existing conditions or health status.
- The self-employed have also had limited options in the individual insurance market, facing higher rates based on gender, age, or chronic health conditions.

A Better Solution…

- The Affordable Care Act helps self-employed individuals by increasing accessibility and affordability.
- Under the health care law, the self-employed can no longer be charged more or denied health coverage due to their health status or pre-existing conditions. Insurance companies also can't charge you higher rates based on gender, and face limits on charging higher premiums for older individuals.
- If you're self-employed with no employees, you'll also have access to the new individual Health Insurance Marketplace starting on October 1, 2013. For the first time, self-employed individuals will be able compare health plans side-by-side. All plans will be required to offer a comprehensive package of Essential Health Benefits, including things like preventative care, hospitalization, and prescription drug benefits.
- You may also qualify for premium tax credits to help lower costs on your monthly premiums when you buy private health insurance through the Marketplace. These tax credits can be applied directly to your monthly premiums so you get the lower costs immediately. Depending on your income, you may also qualify for lower out-of-pocket costs, so you won't have to pay as much for deductibles, co-payments and co-insurance.
- By eliminating exclusions for pre-existing conditions and price discrimination against those who are sick, the Affordable Care Act will make it easier for potential entrepreneurs to go out on their own instead of staying at larger firms simply because of "job lock". In fact, according to a May 2013 report by the Urban Institute, the number of self-employed people in the U.S. will be 1.5 million higher than it would otherwise have been without health reform.
- And the Individual Shared Responsibility provision, which takes effect in January 2014, is a key part of helping to deliver the law's consumer protections at an affordable cost. This provision requires individuals to have basic health coverage for each month, qualify for an exemption, or pay an assessment. This ensures that that individuals do not just wait to purchase insurance when they are sick and drop coverage when they are well, which drives up premiums for everyone.

September 2013