

America's Small Businesses and the Affordable Care Act: Strengthening Health Care for Small Business

A Broken System...

- Health care remains a top concern for small business owners and we know many employers who may want to provide coverage often can't afford to.
- Historically, the health care market has been broken for small businesses. Small businesses faced premium increases for years, often because one worker got sick or their insurance company charged them excessive rates.
- In fact, small business rate hikes averaged 8 percent per year in the decade before the law passed, and they paid on average 18 percent more for the same health benefits as large businesses.

A Better Solution...

- The Affordable Care Act helps small businesses in two critical ways: by increasing access and offering affordable options.
- Since the Affordable Care Act passed, health care costs have been slowing and premium growth has slowed to the lowest rate in years. The law is making it easier for businesses to offer coverage.
- The law holds insurance companies accountable, requiring them to ensure they spend at least 80 percent of each premium on care. As a result, small employers have saved more than \$2.5 billion in lower upfront premiums and rebates from their insurance companies between 2011 and 2013. Three million Americans who work for small employers got an average rebate of over \$100 per family per year.
- Many small employers are also eligible for new tax credits if they offer health coverage, making it easier for small firms to realize the competitive advantages that come with offering coverage. Hundreds of thousands of businesses have already claimed credits of more than \$1 billion total.
- And for the first time, small business owners now have the opportunity to leverage their buying power with other small businesses in the Small Business Health Options Program (SHOP) Marketplace.
- SHOP allows small business owners to get comprehensive information about benefits and quality, side-by-side with facts about price—leveling the playing field with their larger competitors by helping them benefit from insurance with lower administrative costs and allowing them to pool risk. Visit Healthcare.gov to learn more.
- The ACA has contributed to slower growth by promoting payment reform, price transparency, and reducing fraud. The period since enactment of the ACA has seen the slowest health care price growth in almost 50 years. Employer premiums grew just 3 percent in 2014, tied for the lowest rate since the survey began in 1999.