

SMALL BUSINESS HEALTHCARE RELIEF



COUNCIL FOR AFFORDABLE
HEALTH COVERAGE

WHAT'S THE PROBLEM?

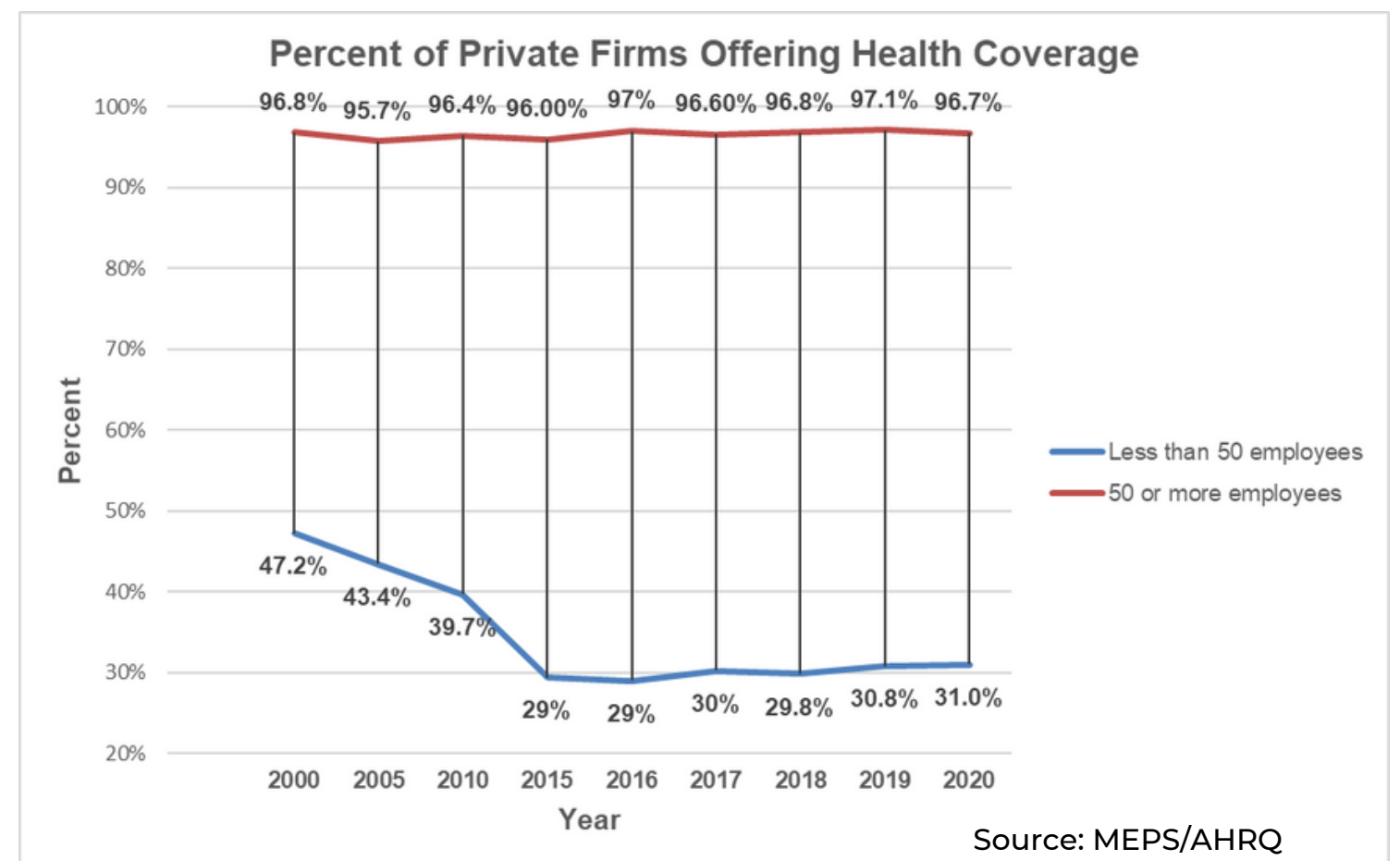
Many small businesses struggle to attract and retain talented employees because they cannot afford competitive wages and benefits. And while small business accounts for more than 60 percent of new jobs, the smaller the company, the less likely they are to offer health coverage. As a result, employees find coverage in safety net programs like the ACA or Medicaid, where costs are more and access to care is worse.

WHAT'S THE SOLUTION?

Reform the existing small business health care tax credit to help small businesses provide better, more affordable health coverage to their employees at less cost to taxpayers.

FAST FACTS

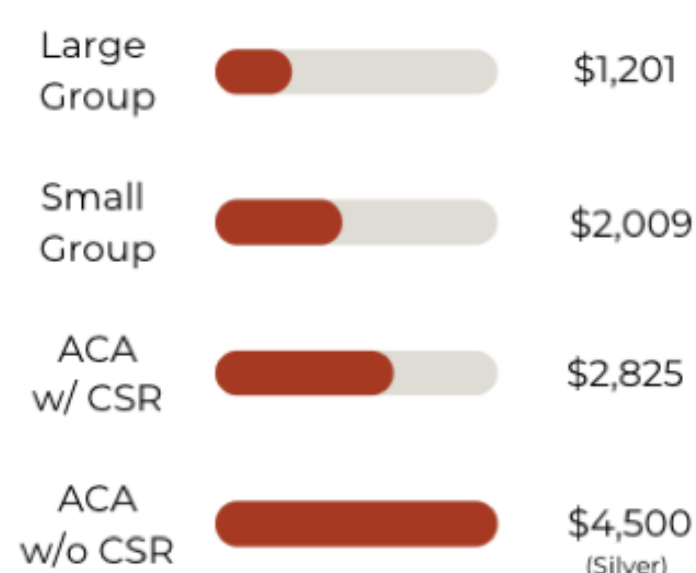
- **71% of Americans are satisfied with their current job-based coverage**, and more than half indicate that coverage is a key factor in their choice to stay at their current job.
- Citing cost as the biggest factor, **just 31% of small businesses with 50 or fewer employees offer health coverage.**



ACA

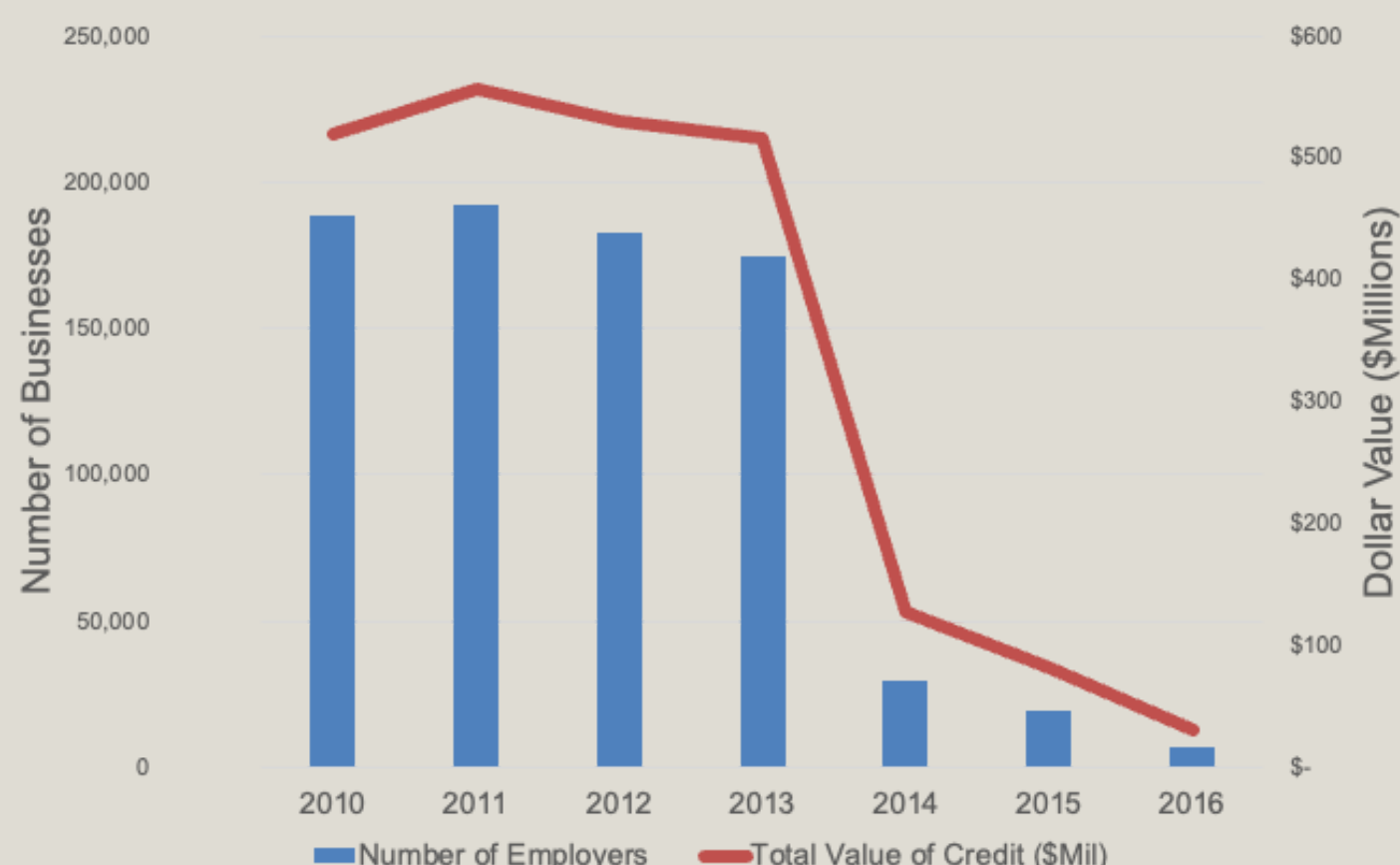
- Small business workers comprise half of ACA enrollees.
- These products are more expensive and enrollees often have less access to doctors and hospitals.
- Patients pay deductibles that are twice as expensive as on the small group market (\$4,500 versus \$2,000 in 2021).
- Taxpayers also pay more. CBO estimates subsidies on the exchanges are nearly three times as much as the tax benefits for employer-sponsored insurance (\$5,820 versus \$2,000 in 2022).

Average Deductibles (2021)



Medicaid

- 63 percent of all Medicaid enrollees work.
- As many as 6 million small business employees are enrolled in Medicaid.
- While Medicaid provides coverage, it often fails to provide access to care.
- According to MACPAC, adults with Medicaid were significantly more likely to report delaying or not receiving medical care, prescriptions, and dental services compared to adults with private coverage.



- **Less than 7,000 businesses** (out of 3+ million) claimed the ACA Small Business tax credit in 2016, which is the last year the data is available, totaling only **\$30 million in subsidies.**
- **These dismal numbers are unsurprising as the credit has fatal flaws:**
 - Can only be used on SHOP exchanges for ACA plans. Many states do not support SHOP exchanges
 - Only available to businesses with less than 25 employees and average wages less than \$50,000
 - Not available to the millions of self-employed
 - Can only be claimed for 2 years, then unavailable
 - No credit for employees to offset out-of-pocket costs



FIX THE SMALL BUSINESS HEALTH TAX CREDIT



	Current Small Business Tax Credit	Enhanced Small Business Tax Credit
Employer Credit	Employers must contribute 50% of the cost of the plan or 35% for non-profit	50% of the cost of the plan for both for- and not-for-profit
Employee Credit	None	\$50/worker, \$25/spouse or dependent per month
Business Size	25 or fewer full-time employees	50 and under, including self-employed
Type of Coverage	Coverage can only be purchased on SHOP exchanges, which are not available in 28 States	Any medical plan available in the small group market
Wage Cap	To qualify for the credit, businesses must have average wages of less than \$50,000, adjusted for inflation from 2014.	Employers with 50 or fewer employees qualify regardless of the average wage paid.
Time Limit	The employer may only claim two years of credit	Available Annually

