



May 8, 2019

Senator Dr. Richard Pan  
State Capitol, Room 5114  
Sacramento, CA 95822

*RE:* Legislation pending on financial assistance for insurance purchased through Covered California (SB 65)

Dear Senator Pan,

As a representative of the 28 million small businesses in America and the more than 3.8 million in California, Small Business Majority writes today in support of SB 65, which would extend tax credits to individuals struggling to access affordable healthcare. We believe that providing tax credits to help individuals unable to afford monthly healthcare premiums would help many of California's small businesses, their employees and self-employed entrepreneurs.

Small Business Majority is a national small business advocacy organization with multiple offices throughout California, founded and run by small business owners to ensure America's entrepreneurs are a key part of a thriving and inclusive economy. We actively engage small business owners and policymakers in support of public policy solutions, and deliver information and resources to entrepreneurs that promote small business growth and drive a strong, sustainable job-creating economy. A key component of our work involves outreach and education to small business owners on key small business issues, including healthcare, retirement security, access to capital and more.

Over the past eight years, the Patient Protection and Affordable Care Act (ACA) has provided healthcare to 24 million individuals nationwide who otherwise couldn't access coverage, many of whom work for small employers or are themselves business owners or self-employed individuals. In California alone, more than [five million](#) people now have insurance thanks to the healthcare law and the state's efforts to promote robust insurance marketplaces. The ACA is the first meaningful healthcare reform to help address these needs and disparities for small businesses, and it's been particularly important for California's self-employed entrepreneurs. In fact, 8.1% of self-employed workers enrolled in a plan through Covered California with subsidies in 2015, compared to just 2.9% of all workers.

Despite these gains, many Californians still struggle to afford monthly premiums. Currently, individuals making below 400% of the federal poverty level (\$48,560 annually for an individual, or \$65,840 for a married couple) are eligible for some federal financial assistance. However, these individuals are still required to spend a significant portion of their income on their premiums, ranging from 2% to 9.6%. This means that for an individual making \$4,000 a month, they could find themselves paying nearly \$400 a month on their healthcare premiums.

SB 65 would significantly improve affordability for thousands of low- and moderate-income individuals and families, including many entrepreneurs and small business employees by creating and increasing subsidies for individuals who earn up to 600% FPL.

This legislation would not only address healthcare affordability for Californians, but would in turn help promote a more robust small business economy by reducing job lock and making small businesses more competitive when they are seeking to hire talent. These small firms are more likely to be unable to afford to offer employer-sponsored health insurance. By expanding affordability of marketplace coverage, we can ensure more workers at the smallest firms can gain inexpensive coverage, which would also level the playing field for small businesses so they can continue to serve as California's top job creators.

This measure is strongly supported by California’s entrepreneurs—our scientific opinion polling found nearly [3 in 4 small business](#) owners (73%) support strengthening the current system of ACA subsidies by increasing cost-sharing for those making under 400% of the federal poverty level. What’s more, 7 in 10 small business owners also support expanding cost-sharing subsidies to individuals who make up to 600% FPL.

To continue the progress made under the ACA, we urge you to support SB 65 to make healthcare even more affordable.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mark Herbert".

Mark Herbert, California Director  
Small Business Majority