

Health insurance premiums are skyrocketing for small businesses, making it increasingly challenging for them to offer quality and affordable health insurance. Half of firms with 3-49 workers cannot afford to provide health insurance to their employees. The median proposed 2026 premium increase among small group insurers is 11%. For the ACA marketplace, that number is 18%.

Small businesses lack the buying power and economies of scale necessary to obtain health insurance at the lowest possible cost. For example, small group plans allot 20% of their premiums to overhead; large group plans allot 15%. Employees of small businesses are left responsible for a larger share of premiums.

Association Health Plans (AHPs) will help. Through AHPs, small businesses and self-employed individuals can join together for affordable, high-quality healthcare coverage. The SBAC supports legislation that will treat AHPs the same as large group plans under the Employee Retirement Income Security Act (ERISA), thereby improving their bargaining power. Through the power of critical mass, AHPs will lower premiums and broaden provider networks for small businesses.

AHPs by the Numbers:

The median proposed 2026 premium increase among small group insurers is **11%**.

Large group plans spend **25%** less on administrative overhead compared to small group.

400,000 previously uninsured individuals are expected to gain coverage through AHPs.

AHP members switching from small group plans will see a **30%** reduction in spending.

A Congressional Budget Office analysis found that AHPs will insure 400,000 previously uninsured individuals. The CBO projects that AHPs will cost 30% less than existing small group premiums. AHPs will be a game-changer for small business owners. The SBAC supports legislation that strengthens AHPs and includes safeguards to protect small business owners and their employees from low-quality coverage. This legislation prohibits AHPs from denying coverage based on pre-existing conditions or charging higher premiums based on an individual's health status.