

Health insurance premiums are skyrocketing for small businesses, making it increasingly challenging for them to offer quality and affordable health insurance. Half of businesses 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%.

Recognizing that the rising cost of health insurance has a significant impact on small business owners and their employees, the SBAC has formulated a comprehensive, non-partisan Small Business Health Insurance Agenda. Together, these reforms can help advance policies aimed at reducing the cost of health insurance for small employers and entrepreneurs.

Enhanced Premium Tax Credits

 **H.R.1834**

Millions of small business owners and self-employed individuals are covered through the ACA marketplace. The vast majority of them received enhanced premium tax credits (EPTCs) to offset the high cost of insurance coverage. The EPTCs recently expired, raising health insurance costs for entrepreneurs and self-employed individuals. Congress should extend the EPTCs until long-term health insurance solutions can be enacted.

Association Health Plans

 **S.1847 | H.R.2528**

Small businesses lack the buying power and economies of scale necessary to obtain health insurance at the lowest possible cost. Association Health Plans (AHPs) will help. Congress should pass legislation treating AHPs the same as large group plans under the Employee Retirement Income Security Act (ERISA), allowing small businesses and self-employed individuals to join together for affordable, high-quality coverage.

Health Reimbursement Arrangements

 **SB3619**

Health Reimbursement Arrangements (HRAs) serve as a defined-contribution alternative to traditional small business health insurance plans, creating cost predictability and reducing administrative burden. Through these arrangements, small businesses provide their employees with money to purchase health insurance. Illinois should provide a two-year tax credit to small businesses that begin offering HRAs to their employees.

Prescription Drug Affordability Board

 **HB1443 | SB0066**

Rising prescription drug prices play a major role in driving higher health insurance costs. A Prescription Drug Affordability Board (PDAB) will place guardrails around certain high-cost drugs. A PDAB will serve as an independent body authorized to set upper payment limits on excessively priced medications, lowering the cost of health insurance while facilitating a healthier workforce.

Price Transparency

 **H.R.5582 | S.2355**

Small business owners and consumers often struggle to determine the cost of medical care. They see their premiums and deductibles rise without information about what is driving these increases. Congress should pass legislation requiring providers and insurers to post the actual cost of medical care. Transparency allows consumers to compare prices, exposing instances where prices are inflated and lowering costs.