SBAC Small Business Advocacy Council

SMALL BUSINESS HEALTH POOL ACT

Health insurance premiums are rising rapidly for small businesses, making it increasingly difficult to offer quality, affordable coverage. In 2024, just 38%[1] of Illinois businesses with fewer than 50 employees offered small-group coverage to their workforce. As a result, workers at small businesses are disproportionately likely to go uninsured.[2]

Small business owners and their employees deserve a level playing field.

> Our bill will allow eligible businesses and self-employed individuals to join together and access healthcare coverage through a **Small Business Health Pool** (SBHP).
> - Illinois-based businesses with fewer than 500 employees will be eligible.
> - Businesses can join together based on location or industry. Business associations can also make membership available to all small and mid-sized Illinois businesses.
> - Business associations can choose fully insured, level-funded, or self-funded plans.

Our bill will **make fully insured plans more cost-effective for small businesses**:
- In the small group and individual markets, insurers can keep 20% of premium income for profits and overhead. In the large group market, they cannot keep more than 15%.[3]

Our bill will **give small businesses access to economies of scale**:
- Using SBHPs, small businesses can spread risk across a larger group, making self-funded and level-funded plans more accessible and affordable.

> Our bill also ensures that SBHPs provide high-quality, affordable healthcare coverage for small business owners and their employees.
> - Associations must operate in Illinois for five years before sponsoring an SBHP.
> - Associations must have a purpose other than providing healthcare coverage.
> - Associations cannot condition membership on the health status, claims history, or genetic information of a business's workforce.
> - An individual's health status or claims history cannot influence premiums.
> - SBHPs must cover all 10 essential health benefits.

This bill will help small and mid-sized businesses offer health benefits while remaining competitive and managing costs. Illinois policymakers should take every possible step to make it more affordable for small businesses to offer coverage to their employees.