Healthcare Reform and California Small Businesses

How the new law impacts your bottom line

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June 7, 2013
Los Angeles, CA
About Small Business Majority

• **Small business advocacy organization** – founded and run by small business owners

• **National** – based in CA– with additional offices in Washington, DC, NY, OH, CO and MO

• **Research and advocacy** on issues of top importance to small businesses (<100 employees) and the self-employed

• Very **focused on reducing healthcare costs** over the past 6 years
Small businesses struggling with costs

- **Soaring cost** of health insurance – especially for small businesses – doubled in last decade – 5X rate of inflation

- Small firms pay **18% more** than large businesses

- **29.5% self-employed:** uninsured (CA: 826,000)

- **25% of small employers:** uninsured (CA: 175,000)

- Our study: small business **health costs would more than double** by 2018 – $2.4 trillion total ($243 billion in CA) without any reforms
Small businesses struggling with costs

Our opinion survey: 86% of CA small businesses don’t offer because of cost; 70% of those who do offer say they are struggling to do so.

My business cannot afford to provide health coverage.
(Asked of those who don't provide coverage)

- Agree: 86%
- Disagree: 12%

My business is really struggling to afford the cost of health coverage.
(Asked of those who do provide coverage)

- Agree: 70%
- Disagree: 29%
Shared responsibility

- No business mandated to offer coverage
  - large firms *may pay fee* for not offering
- Businesses with fewer than 50 FTEs
  - 96% of all businesses **exempt** from any fees
Small business tax credits

- **In effect now** (as of tax year 2010)
  - $40 billion in credits by 2019

- Which businesses are eligible?
  - Fewer than **25** full-time employees
  - Average annual wages **< $50,000**
  - Employer pays at least **50%** of the premium cost
For more information

- Our Website: SmallBusinessMajority.org
  - Detailed FAQ & Summary
  - Tax Credit Calculator
- Covered California: CoveredCA.com

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