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New Study: Small Business Owners and Employees to Reap Benefits of Health Care Reform

Small businesses—which have historically struggled more than large companies to provide adequate health insurance to their employees—will be one of the first groups to benefit from the Affordable Care Act, in the form of tax credits designed to offset health insurance premium costs. A new issue brief from The Commonwealth Fund, *Realizing the Potential of Health Reform: Small Businesses and the Affordable Care Act of 2010*, finds that 16.6 million workers employed by small businesses will be eligible for these tax credits, which begin in tax year 2010.

According to Congressional Budget Office estimates, the tax credits could provide up to \$40 billion in support to small businesses over the next 10 years and reduce health insurance premiums by 8 percent to 11 percent by 2016. Additional savings will be realized by 2020 through provisions that reduce insurers' administrative spending and increase competition among insurers participating in insurance exchanges.

Small businesses pay up to 18 percent more in premiums than large employers do for comparable insurance policies. As a result, less than half of workers in companies with fewer than 50 employees have adequate health insurance compared with more than 70 percent of those in larger firms.

“The Affordable Care Act is a big step forward for small businesses and their employees,” said Commonwealth Fund President Karen Davis. “Not only will business owners see immediate benefits from the tax credits, but owners and employees alike will be protected from steep premium increases and high out-of-pocket costs, ensuring they will have access to the stable, secure health insurance they deserve.”

This issue brief is the second in a series of Fund publications that examines the way health care reform will benefit different groups. The first brief, which focuses on women and the Affordable Care Act, is available [here](#).