The Affordable Care Act’s Negative Impact on Pre-existing Health Care Coverage for Small Businesses with Blue-Collar Workers

Amy Michelau*

I. INTRODUCTION

The American healthcare industry has long suffered from dysfunction caused by “inefficiencies, perverse incentives, and market failures.”1 The United States ranks among the lowest of developed countries in quality of health care, yet it spends almost twice as much money per patient.2 In the United States, health care is financed principally through employment-based health insurance.3 As of June 2014 approximately 171 million Americans, or nearly two-thirds of the population, had employer-sponsored health coverage.4 Furthermore, in 2013 the cost of health benefits per employee averaged $2.70 per hour.5

Employee access to employer health care coverage varies substantially according to the size of the employer.6 Small businesses have historically faced challenges in providing health care coverage.7

*Juris Doctor Candidate, May 2016, Loyola University Chicago School of Law. Ms. Michelau is a staff member of the Annals of Health Law.

2. Id.
5. Id.
7. Stacey Mc Morrow et al., The Effects of Health Reform on Small Businesses and Their Workers: Timely Analysis of Immediate Health Policy Issues, URBAN INST. 2 (2011),
employers to offer health care coverage stems largely from the higher administrative costs involved and the disproportionate effects of the poor health status of just one or two employees.\(^8\) The potential strengths offered by small-group markets, along with the historical difficulties, made them a main target of the Patient Protection and Affordable Care Act (ACA) and healthcare reform.\(^9\) The ACA substantially reforms the American healthcare system, but it increases reliance on employment-based health insurance; rather than eliminating it.\(^10\)

This article will first discuss the general ACA provisions applicable to small businesses. The article will then examine the substantial hardships the ACA has placed on small businesses that were previously offering satisfactory health care coverage prior to the ACA, and explore possible steps that small businesses may decide to take. This article does not attempt to postulate that the ACA is overall detrimental to the American healthcare system; it merely explores the propriety behind the assertion that small businesses already offering satisfactory health coverage pre-ACA are now forced to deal with heavy burdens. Further, this article does not attempt to claim that small employer-based health insurance must be saved in order to save the national healthcare system. Admittedly, there is no inherent reason to save the small-group insurance market unless it is an efficient and equitable means of coverage.\(^11\)

\(^8\) Monahan & Schwarcz, supra note 6, at 1942-1943 (stating “administrative costs associated with small-employer coverage are much greater . . . the poor health status of just one or two employees can disproportionately affect the cost and availability of small-employer coverage.”).

\(^9\) Id. at 1945.

\(^10\) Moore, supra note 3, at 886.

II. ACA PROVISIONS AFFECTING SMALL BUSINESSES

The ACA addresses the previous deficiencies in employer coverage by requiring employers to make changes in health care coverage.\(^\text{12}\) Three provisions within the ACA most directly affect small businesses: 1) an employer penalty for not providing health insurance for businesses with fifty or more employees, 2) a tax credit to increase the affordability of health insurance for businesses with fewer than twenty-five employees, and 3) small business health insurance exchanges (SHOPs) designed to increase plan options and lower costs.\(^\text{13}\)

A. The Employer Penalty

Only employers with more than fifty full-time employees (FTEs) are subject to new financial penalties for failing to provide health care coverage to employees.\(^\text{14}\) More than 96% of U.S. businesses are exempt from the employer penalty simply because they have fewer than fifty employees.\(^\text{15}\) The remaining roughly 4% of businesses with fifty or more employees employed 72% of all workers in 2011.\(^\text{16}\) The effects of the employer penalty will be most noticeable among smaller businesses in certain industries that hover around fifty FTEs and primarily those that employ low-income employees.\(^\text{17}\)

The amount of the employer penalty depends on whether an employer offers any insurance coverage, and if so, whether the coverage offered is


\(^{14}\) Monahan & Schwarcz, *supra* note 6, at 1948 (The current ACA definition of a “full-time employee” as one who works thirty or more hours per week differs from the traditional understanding of a full-time employee as working a minimum of forty hours per week).

\(^{15}\) Lowry & Gravelle, *supra* note 13, at 9 (these small businesses account for roughly 27% of all U.S. workers).

\(^{16}\) *Id.* at 9-10 (After factoring in businesses that already provide health care coverage, less than 1% of U.S. businesses could immediately be subject to the employer penalty).

\(^{17}\) *Id.* at 16.
“affordable” and “adequate.” Individuals who are offered “affordable and adequate” employer coverage that provides “minimum value” are not eligible for tax credits or cost-sharing subsidies. This creates an unprecedented effect: small employers with predominantly low-income workers could actually make their employees worse off by offering health care coverage.

Although the employer penalty is designed to encourage employers to maintain or offer health coverage, opponents claim the costs of the employer penalty or related compliance costs will ultimately damage small businesses. The employer penalty may incentivize employers to take undesirable actions such as firing or avoiding hiring workers in order to stay below the ACA fifty-employee level, increasing the cost of hiring low-income workers, or reducing employee hours. Exemption from the employer penalty for having fewer than fifty workers creates disincentives for hiring more employees because hiring one additional employee could trigger significant costs and discourage expansion. According to a survey of more than 600 small businesses, more than four in ten small business owners have delayed hiring because of concerns and uncertainty of ACA effects, and one in five small business owners decreased the number of employees. The employer penalty poses a minor negative effect on the aggregate demand for labor until businesses can adjust to ACA regulations by lowering wages over time.

18. *Id.* at 5-6 (Under the ACA, coverage is affordable when the employee’s required plan contribution does not exceed 9.5% of his or her household income, and coverage is adequate when the plan is a 60% or greater actuarial value. If an employer does not offer affordable and adequate coverage and one or more of his or her employees receives premium credits, the monthly penalty is the lesser of one-twelfth of $3,000 for each employee who receives credits, or one-twelfth multiplied by $2,000 multiplied by the number of FTEs minus the first thirty employees.).


20. *Id.* at 1951.


22. *Id.* at 13.

23. *Id.* at 8.


B. Tax Credits

Small employers must satisfy four requirements in order to qualify for the small-employer tax credit: 1) employers must have fewer than twenty-five FTEs, 2) the average annual wages of the employees must be less than $50,000 per FTE, 3) the employer must maintain a “qualifying arrangement” under which the employer pays a uniform percentage of at least 50% of the premium cost for each employer-insured FTE, and 4) the credit is only available if insurance is provided through a state-sponsored insurance exchange as of 2014.26 However, the maximum duration of this tax credit is only six years.27 This healthcare tax credit is intended to benefit only very small employers and very low-income workers, and less than 4% of businesses that could have claimed the tax credit in 2010 actually claimed it.28 Many small business owners felt that the credit was too small of an incentive, their employees could not afford their share of the premium, or the ACA rules were too complex and confusing.29

C. SHOP Exchanges

Most of the theoretical benefits the ACA offers to small businesses come from the SHOP exchanges and health insurance market reforms.30 Small employers seeking health coverage for qualified employees are able to use the ACA’s SHOP exchanges beginning in 2014.31 Though SHOPs have the potential to reduce costs by pooling risk among multiple small businesses, businesses with healthy employees would likely see a rise in insurance costs

27. Monahan & Schwarcz, supra note 6, at 1949 (From 2010 to 2013, the government provided a transitional credit available to qualifying employers of up to 35% of the employer’s payment, and beginning in 2014, a credit was available of up to 50% for two consecutive years).
28. LOWRY & GRAVELLE, supra note 13, at 11.
29. Id. at 12.
30. McMorrow et al., supra note 7, at 3.
31. LOWRY & GRAVELLE, supra note 13, at 7.
due to increased risk-pooling with less healthy individuals.\textsuperscript{32}

Further, workers who purchase coverage through the SHOP exchanges will not be eligible for individual subsidies, and small group health insurance policies sold outside of SHOP exchanges are not allowed to adjust premiums based on health status.\textsuperscript{33} Employer options have remained limited because SHOP exchanges are not required to carry out the “employer choice” function of enabling employers to select from a variety of coverage options until 2015.\textsuperscript{34} The ACA also increases the likelihood that small employers who already offer health care coverage will elect to circumvent many ACA requirements by choosing to self-insure their health plans, thus exposing the SHOP exchanges to substantial adverse selection.\textsuperscript{35} For all these reasons, it is difficult to find a financial incentive for using the SHOP exchanges.\textsuperscript{36}

\textit{D. Additional Rules and Regulations}

The ACA places various additional burdens on employer coverage. Businesses with fifty to ninety-nine employees will see a slight increase in existing employer health costs because they are not eligible for subsidies, yet must also comply with new regulations.\textsuperscript{37} Beginning in 2014, the ACA requires small-group markets to cover “essential health benefits” as defined by the Secretary of the Department of Health and Human Services.\textsuperscript{38} Required essential health benefits also now include preventive services, with

\begin{itemize}
\item \textsuperscript{32} \textit{Id.} at 13.
\item \textsuperscript{33} Herrick, \textit{supra} note 4, at 5.
\item \textsuperscript{34} Lowry & Gravelle, \textit{supra} note 13, at 7.
\item \textsuperscript{35} Monahan & Schwarcz, \textit{supra} note 6, at 1965 (“A self-insured plan is one in which the employer retains liability for claims, rather than transferring that liability to an insurer.”).
\item \textsuperscript{36} Herrick, \textit{supra} note 4, at 5.
\item \textsuperscript{37} McMorrow et al., \textit{supra} note 7, at 6.
\item \textsuperscript{38} Monahan & Schwarcz, \textit{supra} note 6, at 1945, 1946 (Plans for small businesses are now required to provide essential health benefits, including emergency services, ambulatory and hospital care, prescription drugs, mental health services, and maternity benefits).
\end{itemize}
the goal of decreasing the cost of care; however, research has shown that preventive services actually increase total costs about 80% of the time.\textsuperscript{39} Moreover, businesses with fifty or more employees are now required to contribute at least 60% of the cost for minimum essential coverage, which means that new plans are likely to be more expensive than previously offered coverage.\textsuperscript{40} For these reasons, essential health benefit requirements restrict consumer choice and increase premiums.\textsuperscript{41}

According to the ACA community rating provisions, in the small-group market insurers are only permitted to vary price based on age, geographic location, tobacco use, and family size.\textsuperscript{42} Therefore, businesses with predominantly young and thus presumably healthy workers will see an increase in coverage costs because insurers can no longer vary premiums based on health status or group size.\textsuperscript{43} In addition, the historically typical age-rating ratio of five-to-one for premiums charged between old and young ages is now limited to the new age-rating band of three-to-one, so younger and healthier individuals will see further premium rate increases.\textsuperscript{44}

Furthermore, under the ACA, as of January 1, 2011, all small group plans are required to maintain a medical loss ratio (MLR) of 80%.\textsuperscript{45} The MLR requirement restricts the profitability of health plans by strictly regul-

\begin{footnotesize}
\begin{enumerate}
\item HERRICK, supra note 4, at 5.
\item Id.
\item Monahan & Schwarcz, supra note 6, at 1945.
\item HERRICK, supra note 4, at 7.
\item Sandy Praeger, A View From the Insurance Commissioner on Health Care Reform, XX:2 KANSAS J. L. & PUB. POL’y 186, 188 (2011) (explaining that MLR is the percentage of premium that goes to medical claims and activities that improve health care quality).
\end{enumerate}
\end{footnotesize}
lating how insurers spend premium revenues. The ACA also imposes $165 billion in new taxes and fees on health plans and drug and device manufacturers, the cost of which will be passed on to consumers in the form of higher premiums. Additionally, the ACA extends coverage for dependents to the age of twenty-six, which could increase premiums by increasing employer health plan enrollment. Restrictions on lifetime and annual limits, and the numerous consumer protection requirements could also significantly increase the cost of administering health plans.

E. Grandfathering

Some small businesses were able to avoid the increased cost of ACA compliance by renewing less-expensive and non-conforming “grandfathered” plans before 2014. However, the regulations surrounding the ACA’s grandfather rule implement narrow parameters for plans to retain grandfathered status, and make it almost impossible for plans to meet the requirements. Federal regulators developed a comprehensive list of changes that would cause plans to lose their grandfathered status; effectively ensuring that most employer health plans will quickly lose their grandfathered status after implementation of the ACA. The strategy can be viewed as a form of paternalism to persuade people to accept the new federal health insurance regime. Two-thirds to 80% of employer plans will likely lose their grandfathered status.

47. HOUSE COMM. ON ENERGY & COMMERCE, ET AL., supra note 41, at 5.
48. Leonard, supra note 46, at 768.
49. Id.
50. HERRICK, supra note 4, at 5. Leonard, supra note 46, at 754 (The ACA codified the promise that if an individual is happy with his or her health plan, such individual would not have to change it as the “grandfather rule”).
51. Leonard, supra note 46, at 756.
52. Id. at 761.
53. Id. at 762.
54. HERRICK, supra note 4, at 6.
III. THE ACA PLACES SUBSTANTIAL BURDENS ON SMALL BUSINESSES THAT PREVIOUSLY OFFERED COVERAGE

A. Premium Increases

Most of the impact of the ACA’s taxes and fees is expected to fall on small businesses in the form of higher premiums.55 Both opponents and supporters of the ACA realize that it will significantly increase premiums.56 A 2014 Presidential Administration report admitted that two-thirds of small businesses will likely see an increase in insurance premiums under the ACA, and more employers will face insurance cancellations or premium increases when they are forced to comply with the comprehensive ACA plan requirements.57 Due to these changes, small businesses that are forced to purchase new policies will likely experience up to 20% higher premiums.58

The new regulations, which limit variation based on health status and spread risk more broadly, are likely to result in a general upward pressure on average premiums.59 This result is due in part to the fact that younger and healthier, low-income employees can no longer choose health plans that provide limited benefits in exchange for lower premiums.60 Insurance costs rise when employers are required to provide health insurance but have limited options for low-cost plans, and thus employees are less insulated from premium increases.61 Rates in the small group market have dramatically ris-
en as a result of the ACA, as evidenced by premium increases of 11% in 2014 for businesses renewing in the small group market.\textsuperscript{62} The contract premium cost increased 16\% for small businesses with coverage through BlueCross BlueShield between 2013 and 2014.\textsuperscript{63} Although the impact will vary significantly based on the employer coverage starting point, the age rating three-to-one ratio constraint, health status, and gender rating regulations have the largest impacts on the cost of health insurance for young and healthy employees.\textsuperscript{64} Higher health premiums are the last thing that working families can afford.\textsuperscript{65}

Additionally, small business owners consistently report that the greatest business issue is increases in health insurance premiums.\textsuperscript{66} In 2013, health insurance premium cost incurred by small businesses offering health coverage averaged $6,721 per month.\textsuperscript{67} Small employers pay the largest share of the premium cost for individual plans.\textsuperscript{68} Though the increased costs are more likely to affect small employers than their employees, employees in 60\% of businesses experiencing higher health insurance premium costs under the ACA still bore a portion of the increase themselves.\textsuperscript{69} Premium price increases may also cause small employers to increasingly drop coverage, push lower-income employees into purchasing coverage through the subsidized individual exchange, and offer to reimburse the employee’s non-subsidized share of the premium.\textsuperscript{70}

\textsuperscript{62} Herrick, \textit{supra} note 4, at 7.
\textsuperscript{63} Id.
\textsuperscript{64} Holtz-Eakin, \textit{supra} note 55, at 3.
\textsuperscript{65} \textit{House Comm. on Energy & Commerce, et al., supra} note 41, at 2.
\textsuperscript{67} Id.
\textsuperscript{68} Id. at 14.
\textsuperscript{69} Id. at 18 (Another 37\% of small employers surveyed by NFIB froze or reduced wages, and 30\% raised selling prices to customers in order to help offset for premium increases).
\textsuperscript{70} Id. at 9.
The premium impact in the small group market is expected to result largely from the ACA community rating provision. The premium impact in the small group market is expected to result largely from the ACA community rating provision. Up to 53% of small group plans (63% of small group employees) could experience a premium rate increase of 15% largely due to the elimination of health status as a rating factor, and 89% of small employers are expected to experience a premium rate increase of 12% largely due to the elimination of group size as a rating factor. The small group premium rates will predictably increase by 20%. Of the 17 million people receiving full coverage in the small group health market in 2012, roughly 11 million individuals are expected to see higher premiums as a result of the ACA. Correspondingly, 65% of small businesses are expected to experience increased premium rates.

Furthermore, a 2013 survey among large health insurers covering the majority of U.S. individuals examined the ACA’s impact on insurance premiums. When viewed from an actuarial science perspective, the ACA benefit mandates, guaranteed issue, and rules limiting premium variation would likely raise premiums. The survey concluded that the ACA promises massive rate shock to the young and healthy population and small employers, who will see dramatic increases in the cost of insurance. These increases are needed to subsidize older and sicker employees, who will see declines in premium costs. Simply put, any large-scale changes in the law will create winners and losers. This is similar to the scenario that if the “good driver discount” in the automobile insurance industry were eliminat-

72. Id. at 4.
73. Id. at 5.
74. Id. at 5-6 (the CMS analysis focused on the number of people with employer coverage whose premium rates are expected to change due only to the guaranteed issue, guaranteed renewability, and premium rating provisions of the ACA only).
75. Id. at 5.
77. Id. at 1.
78. Id.
79. Id.
80. Id. at 2.
ed, the “good drivers” would see an increase in their rates.\textsuperscript{81}

In 2006, Massachusetts became the first state in the nation to require all of its citizens to obtain health insurance.\textsuperscript{82} The Massachusetts plan included financial penalties that targeted individuals who did not purchase health coverage as well as employers who did not provide coverage to their employees.\textsuperscript{83} In 2008, two years after the implementation of the employer mandate in Massachusetts, employers continued to experience large premium increases, with small employers seeing increases in the double digits.\textsuperscript{84}

\textit{B. Loss of Wages and Jobs}

For businesses with twenty to forty-nine workers in 2014, a 1\% increase in total health insurance premiums is associated with a 0.031\% decrease in wages post-ACA, as opposed to an increase of 0.077\% pre-ACA.\textsuperscript{85} Similarly, businesses with fifty to ninety-nine employees saw a 0.109\% decrease in wages for every 1\% increase in total health insurance premiums post-ACA.\textsuperscript{86} Total premiums in an average state have increased by 19.8\% from 2010 to 2013, so the average weekly pay of $831 to these employees in 2013 was 2.2\% lower than it would have been absent the ACA.\textsuperscript{87}

ACA regulations are costing the 14.8 million employees in businesses with fifty to ninety-nine employees about $10.8 billion annually, and costing employees of businesses with twenty to forty-nine employees about

\begin{itemize}
\item \textsuperscript{81} Id. at 3, 5 (explaining that a small business comprised of young, healthy workers in a relatively inexpensive policy in Chicago, Illinois would see an estimated increase in their premiums of 144\%, from $1,685 to $4,551).
\item \textsuperscript{82} Lin Lin, \textit{All is Well in Massachusetts? Diagnosing the Effects of the 2006 Employer Mandate on Health Care Reform Efforts}, 25 J. CONTEMP. HEALTH L. & POL’Y, 406, 408 (2009).
\item \textsuperscript{83} Id. at 409.
\item \textsuperscript{84} Id. at 432.
\item \textsuperscript{85} Gitis et al., \textit{supra} note 61, at 2, 5 (The AAF conducted research, using data from the Bureau of Labor Statistics and the Medical Expenditure Panel Survey released in September 2014, in order to estimate how changes in premiums relate to annual average state employment and average weekly pay in small businesses).
\item \textsuperscript{86} Id. at 5.
\item \textsuperscript{87} Id.
\end{itemize}
$11.8 billion annually.\textsuperscript{88} Furthermore, under the ACA, employees who work year-round for a business with fifty to ninety-nine employees lose $935 annually and employees of businesses with twenty to forty-nine employees lose $827.50 annually on average.\textsuperscript{89} ACA regulations are reducing small business payouts by at least $22.6 billion annually and small business employment by more than 350,000 jobs nationwide.\textsuperscript{90} From a single state perspective, in Illinois employees of businesses with fifty to ninety-nine employees experienced premium increases of 23.3% and a $1,260 decrease in annual earnings since the ACA became law.\textsuperscript{91} Further, Illinois employees of businesses with twenty to forty-nine employees experienced premium increases of 23.3% and 16,167 lost jobs since the ACA became law.\textsuperscript{92}

Employees of small employers generally contribute a portion of their premium, so if premiums increase, it can correctly be assumed that employee contribution will also increase.\textsuperscript{93} Blue-collar workers who are constrained in their household budgets are less likely to be able to afford out-of-pocket premium costs in an employer health plan, and would likely prefer an increase in wages instead of benefits.\textsuperscript{94} Blue-collar workers are also less likely to use their already scarce wages towards purchasing health benefits.\textsuperscript{95} Many of these employees living paycheck-to-paycheck in order to support their families cannot afford to see a decrease in wages. Still, some employers are forced to reduce their operating costs in response to ACA compliance costs by passing on more of the added expense to workers by raising copayments or prices for dependent coverage.\textsuperscript{96}

\textsuperscript{88} Id. at 5, 8.
\textsuperscript{89} Id. at 1.
\textsuperscript{90} Id.
\textsuperscript{91} Id. at 6.
\textsuperscript{92} Id. at 8.
\textsuperscript{93} Ctrs. For Medicare & Medicaid Servs., \textit{supra} note 44, at 5.
\textsuperscript{94} Lowry & Gravelle, \textit{supra} note 13, at 16.
\textsuperscript{95} Herrick, \textit{supra} note 4, at 4.
\textsuperscript{96} Id. at 8.
IV. STEPS SMALL BUSINESSES MAY BE FORCED TO TAKE

Although it is not yet clear which provisions of the ACA will have the largest negative impact because regulatory guidelines have not yet been issued, there is little doubt that employers and employees are exposed to many perverse incentives under the ACA.\textsuperscript{97} Both employers and employees can attempt to limit the ACA’s financial impact, but their ways of doing so are at odds.\textsuperscript{98} The ACA imposes effective taxes to low- and moderate-income workers.\textsuperscript{99} Small employers with less than fifty employees may be tempted to terminate existing coverage or convert to a self-insured arrangement.\textsuperscript{100}

Many of the ACA’s provisions do not extend to self-insured, employer-covered groups, where the risk is borne by the employer.\textsuperscript{101} Accordingly, self-insured plans are increasingly being marketed to small employers.\textsuperscript{102} Some small employers may decide to begin self-insuring, and thus escape ACA requirements such as community rating provisions, essential health benefits, and some taxes.\textsuperscript{103} Historically, self-insurance has only been common with large employers, because smaller employers cannot bear the risk of incurring substantial expenses even in the event that only one or two employees become seriously ill.\textsuperscript{104} Moreover, this is not an attractive option for the government either, because self-insurance threatens to undermine

\begin{itemize}
\item \textsuperscript{98} Suja A. Thomas & Peter Molk, \textit{Employer Costs and Conflicts Under the Affordable Care Act}, 99 \textit{CORNELL L. REV.} 56, 59 (2013).
\item \textsuperscript{99} Gamage, \textit{supra} note 97, at 670-671 (“When a law or regulation deters economic actors from the choices that they otherwise would have made, we can say that the law or regulation imposes ‘effective taxes’ on those choices.”).
\item \textsuperscript{100} \textit{Ctrs. for Medicare & Medicaid Servs.}, \textit{supra} note 44, at 3.
\item \textsuperscript{102} \textit{Id.}
\item \textsuperscript{103} Dennis, Jr., \textit{supra} note 66, at 10.
\item \textsuperscript{104} Jost & Hall, \textit{supra} note 101, at 546.
\end{itemize}
the ACA’s small-group reforms and poses a “clear and present danger to the viability of the small-employer market.”\textsuperscript{105}

Businesses with fewer than fifty moderate-income workers will find it less expensive to drop coverage completely and pay the penalty, rather than paying the increased ACA compliance costs.\textsuperscript{106} However, many employees do not want this arrangement, as shopping for health insurance can be time-consuming and complicated for most.\textsuperscript{107} A large number of Americans may simply prefer to stay with their current plan rather than expend the time, energy, and resources involved in switching.\textsuperscript{108} Many small employers also do not wish to drop coverage because health care coverage has historically been viewed as a valuable tool for small businesses to recruit a qualified workforce.\textsuperscript{109} Additionally, if employers stop offering adequate coverage to their low- to moderate-income employees, the budgetary costs of the exchange subsidies will be much higher than predicted.\textsuperscript{110} Almost any strategy that employers use to reorganize their business operations in order to avoid or comply with ACA regulations will create costs.\textsuperscript{111}

\textbf{V. CONCLUSION}

One of President Obama’s most effective slogans in the health reform debate was, “if you like your health plan, you can keep your health plan.”\textsuperscript{112} However, this has not been the case.\textsuperscript{113} Sufficient evidence exists that the ACA is raising the cost of health insurance for small employers.\textsuperscript{114} Health insurers have been forced to change small business policies in order to

\begin{flushleft}
\textsuperscript{105} Id. at 540.
\textsuperscript{106} HERRICK, supra note 4, at 6.
\textsuperscript{107} Moore, supra note 3, at 897.
\textsuperscript{108} Leonard, supra note 46, at 760.
\textsuperscript{109} Lin, supra note 82, at 423.
\textsuperscript{110} Gamage, supra note 97, at 713.
\textsuperscript{111} Id. at 712.
\textsuperscript{112} Leonard, supra note 46, at 758.
\textsuperscript{113} Id. at 754.
\textsuperscript{114} HERRICK, supra note 4, at 3.
\end{flushleft}
comply with the ACA’s requirements and small business owners are already feeling the impact.\textsuperscript{115} A significant amount of the burden involved in complying with the ACA falls on businesses.\textsuperscript{116} Businesses that previously offered health insurance before the ACA and rely heavily on low-income workers - many of whom cannot afford to pay their share of the cost of insurance premiums - are forced to re-think their business practices.\textsuperscript{117} Small employers may opt to continue to offer coverage after considering employee resistance and administrative issues.\textsuperscript{118}

The ACA makes health coverage less affordable for many by requiring insurers to take on unlimited risk, which goes against the core original objective behind health insurance at its infancy.\textsuperscript{119} The ACA threatens to exacerbate the healthcare system deficiencies that it ultimately set out to solve.\textsuperscript{120} While the ACA is designed to supply money to the federal budget, one is forced to wonder whether the potential benefits to the federal budget outweigh the hardships and expansion limitations felt by the small business working class. Small businesses with less resources and smaller profit margins may not be able to survive when they cannot forecast the rising costs of health care.\textsuperscript{121}

\textsuperscript{115} Dennis, Jr., supra note 66, at 3.
\textsuperscript{116} HERRICK, supra note 4, at 8.
\textsuperscript{118} CTRS. FOR MEDICARE & MEDICAID SERVS., supra note 44, at 3-4.
\textsuperscript{119} HERRICK, supra note 4, at 7.
\textsuperscript{120} Litchfield, supra note 1, at 353.
\textsuperscript{121} Lin, supra note 82, at 421.