

ISSUE BRIEF

The Impact of the ACA on Asian American Small Businesses in Illinois

The Patient Protection and Affordable Care Act (ACA) provides avenues for Asian American small business owners to have access to affordable health insurance for themselves, their employees, and their families. One of the law's main features is the establishment of health insurance exchanges also known as "Marketplaces." Each state, including Illinois, offers two Marketplaces, the "**Individual Marketplace**", and the **Small Business Health Options Program ("SHOP") Marketplace** for small business owners and their employees. These two initiatives create a competitive marketplace that offers affordable, high-quality health insurance plans for individuals, small businesses, and their employees and families. The Illinois Marketplace is called Get Covered Illinois and can be accessed at <http://getcoveredillinois.gov/> .

Nationwide, Asian Americans constitute over 1.5 million minority-owned businesses and have the second highest rate of self-employment next to non-Hispanic whites.¹ In Illinois, nearly 70% of Asian Americans are foreign-born² and run or work for small businesses. Small business employers frequently have a difficult time providing coverage for themselves and their employees due to rising health insurance premiums. Small businesses are less likely than large employers to provide health insurance.³ The lack of employer-provided insurance is the single most important reason why immigrants lack health insurance coverage; foreign-born adults are nearly three times as likely to be uninsured as native-born.⁴

The SHOP Marketplace helps businesses with 50 or fewer full-time-equivalent employees (FTEs) provide health coverage to their employees. Enrollment is open all year to employers: they can enroll now in SHOP through a licensed insurance broker who is certified to sell on the Illinois Marketplace or on November 1, 2014, they can enroll online themselves for coverage that takes effect in January 2015. In addition, businesses with fewer than 25 employees that provide health insurance to their employees may be eligible to get a tax credit or to continue to receive tax credits through SHOP. See the Tax Credit Calculator here: <https://healthcare.gov/small-business-tax-credit-calculator/> to see if you qualify.

To fulfill the promise of health care reform, federal, state and local governments must ensure that minority and underserved communities of color, including Asian Americans, are able to overcome some of the many challenges they face in accessing health insurance. Among the most prominent of these challenges faced by Asian Americans are immigration status, income, and affordability, as well as cultural and linguistic access. The complexity in navigating the online enrollment website, language barriers, finding experienced culturally sensitive insurance brokers certified to sell in the SHOP, limited health literacy, and a lack of awareness about the different coverage options can impact enrollment rates and diminish the effectiveness of the SHOP.

The Asian Health Coalition, in collaboration with Sargent Shriver National Center on Poverty Law, has prepared this special brief on how the ACA will impact Asian American small businesses in Illinois.



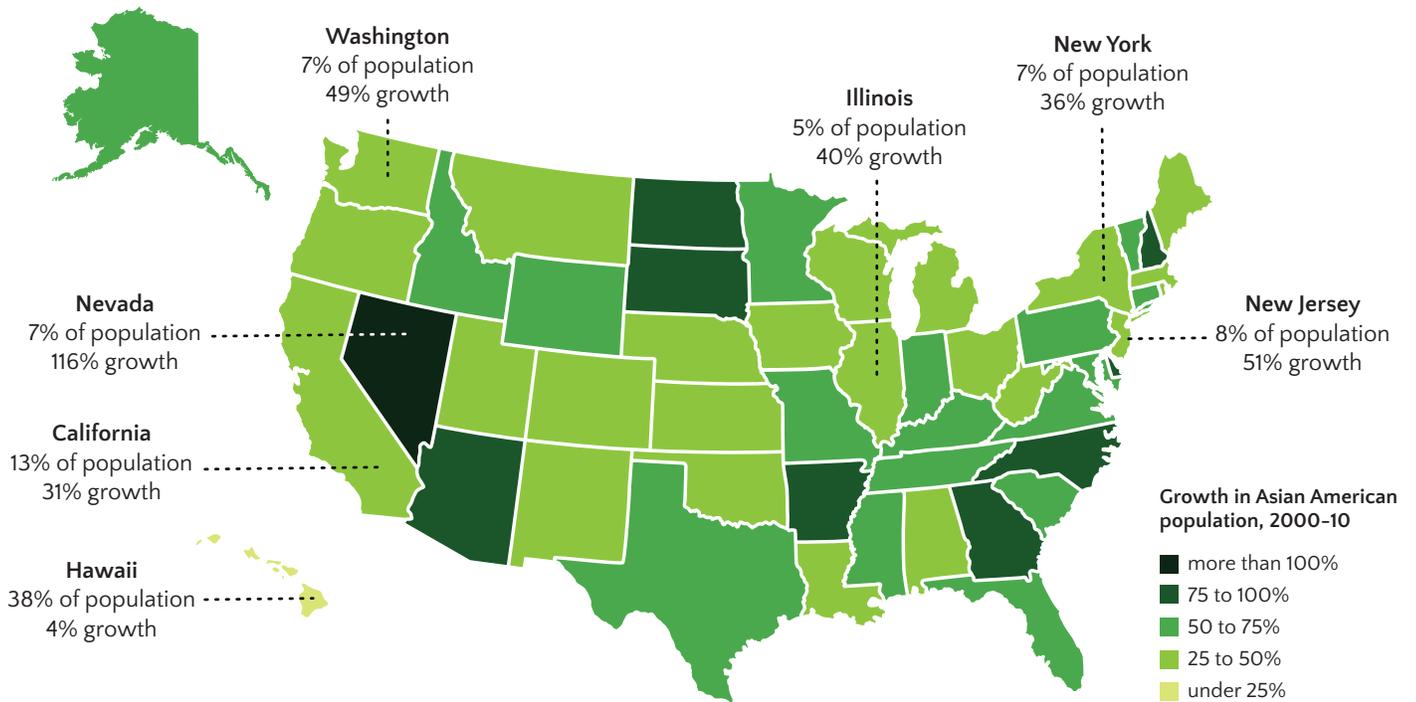
Population Growth in Asian American Communities

Asian American communities will more than double their demographic numbers from more than 18 million today to over 40 million by 2050, an increase of 150%. According to Census estimates, Asian American communities have jump-started this growth in the last decade by soaring 43.3% from 10.2 million to 14.7 million⁵ – more than any other racial group. Consequently, growth in the Asian American-owned businesses has also increased and needs to be taken into account in the ACA outreach, engagement and enrollment process. Illinois has the 5th largest Asian American population in the United States and largest in the Midwest. Asian Americans were the fastest growing segment of all race and ethnic groups in Illinois with a nearly 40% growth between 2000 and 2010.

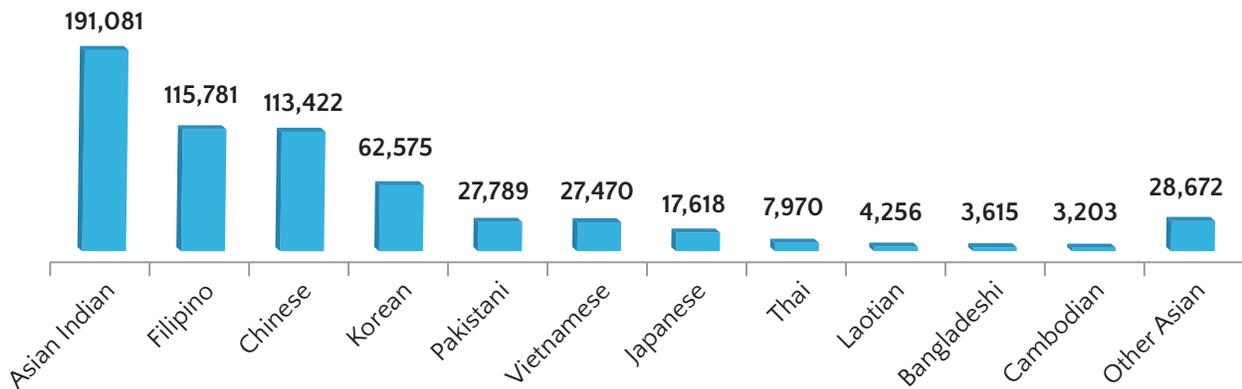
Growth of Asian American & Pacific Islander Communities

Asian Americans

details for states with more than 5 percent Asian American population



Major Asian American Populations in Illinois (Source: 2012 American Community Survey)⁶



Profile of Asian American Small Businesses

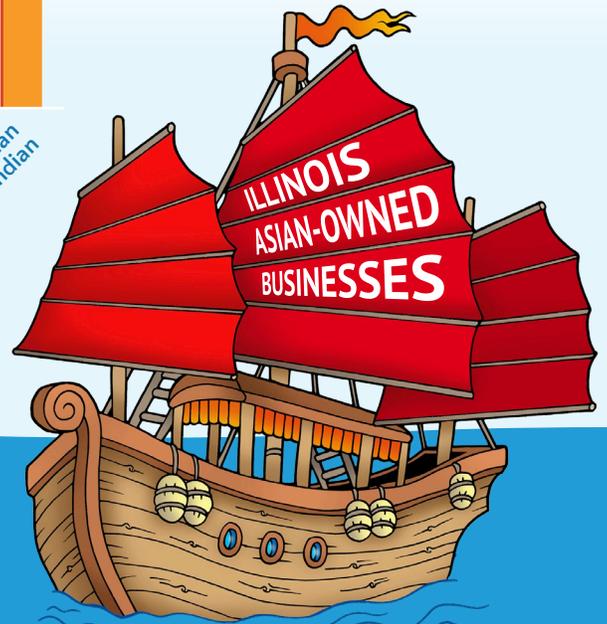
From corner grocery stores to major companies, Asian-American entrepreneurs are helping to make the U.S. thrive. Asian-owned businesses based in the United States employ millions of people and pump billions of dollars into the nation's economy each year.

ILLINOIS - LAND OF OPPORTUNITY (SOURCE: US CENSUS SURVEY OF BUSINESS OWNERS)

59,367 Number of Asian-Owned Businesses in Illinois

102,991 Individuals Employed by Asian-Owned Businesses in Illinois

BUSINESS BY ASIAN SUBGROUP



ASIAN BUSINESSES BY TYPE (% OF ASIAN-OWNED FIRMS)



More than
\$18.5 billion
revenues

27% increase
since 2002

Requirements to Access the SHOP Exchange

Since November 2013, qualified Asian American small business owners and their employees have been able to shop for affordable health insurance plans through the Small Business Health Options Program (SHOP) Marketplace. In Illinois, the Individual and the SHOP Marketplace are administered as a joint federal-state partnership and allow Asian American small businesses who meet certain employment criteria to purchase qualified coverage. Insurance plans in the SHOP must offer the same essential health benefits as plans offered in the Individual Marketplace.

To access SHOP, employers must

- have 50 or fewer full time equivalent employees (FTEs). To see if you qualify, use this FTE calculator: <https://www.healthcare.gov/shop-calculators-fte/>
- offer coverage to all full-time employees – generally those working 30 or more hours per week on average.
- enroll at least 70% of the full-time employees in the SHOP plan. (Employers who apply for SHOP coverage between November 15 and December 15 each year can enroll without meeting this requirement.)

For more details on SHOP Qualifications, go to:

<http://marketplace.cms.gov/getofficialresources/publications-and-articles/key-facts-about-shop.pdf>

Employees will also be able to determine if they are eligible for Medicaid or eligible to receive financial assistance through tax credits and cost-sharing subsidies to help pay for plans offered through the Individual Marketplace. See new tools for employers here: <https://www.healthcare.gov/fte-calculator/>



Tax credits

Since 2010, certain small businesses with low wage workers have been eligible for a small business tax credit if they pay at least 50% of their employees' insurance premiums. The credit is available to small businesses with fewer than 25 full time equivalent employees making an average of about \$50,000 or less based on a sliding scale (i.e., the smaller the business, the bigger the credit). The tax credit is worth up to 50% of an employer's contribution toward employees' premium costs and up to 35% for tax-exempt employers.

The small business tax credit differs from the advanced premium tax credit (APTC) that is offered to individuals with incomes of up to 400% of the federal poverty level (FPL) to purchase plans through the individual Marketplace. The amount of the APTCs is determined by an individual's household income and not available to individuals who receive their health insurance through their employer. However, self-employed individuals/sole proprietors are eligible for APTCs, because they can buy a plan on the individual marketplace and NOT on the SHOP Marketplace.

More information about the small business tax credit can be found here:

<http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>

How the ACA Helps Asian Americans Small Businesses

THE PAST	TODAY AND THE FUTURE
<p>Unable to obtain employer-sponsored insurance or to afford private plans: In 2010, Asian Americans as a whole had one of the highest long-term unemployment rates of any ethnic group and half were unemployed for over 6 months. Southeast Asians (Burmese, Cambodian, Laotian, Vietnamese) especially struggle with high poverty and unemployment rates.</p>	<p>Advanced Premium Tax Credits for buying insurance in the Marketplace are now available: Low-income Asian Americans could also qualify for copay and deductible assistance for Marketplace health plans. Expanded Medicaid eligibility to low-income adults will benefit naturalized Asian American citizens and qualified immigrants marked by high poverty rates.</p>
<p>Unable to afford health insurance for employees: Many Asian American -owned business are small, clustered in low -paying industries(retail, restaurants, personal services), and report much lower average receipts than white -owned businesses.</p>	<p>Small business tax credit. Firms up to 25 full -time employees and average annual wages under \$50,000 already quality for a tax credit of up to 35% of the cost of insuring their workers through SHOP.</p>
<p>Health disparities. Different Asian Americans populations are predisposed toward chronic illnesses which can require expensive multiple treatments such as diabetes, cancer, and hepatitis B.</p>	<p>Ends refusal or termination of health insurance due to illness: The ACA prohibits health insurers from terminating the coverage of consumers who become sick. From 2014, new health plans can no longer refuse coverage to individuals due to a 'pre-existing condition'.</p>

Challenges for Asian American Small Businesses and the Marketplace

To fulfill the promise of health care reform, federal and state governments need to ensure diverse communities such as Asian Americans are able to overcome some of the challenges these communities face in accessing health insurance. For example, Marketplace design, language barriers, limited health literacy, and a lack of awareness about the different coverage options can impact enrollment rates and diminish the effectiveness of both the Individual Marketplace and the SHOP. Addressing these key issues early on can increase the coverage rates of Asian American small businesses, and their employees and families and ensure a robust enrollment pool.

Limitations to the Small Business Tax Credit and SHOP Eligibility

Not all small businesses are eligible for SHOP. Businesses with no paid employees, such as sole proprietorships, are excluded from the small business benefits offered in the ACA. According to the U.S. Census Bureau's 2007 Survey of Business Owners, there were 1.5 million Asian-owned businesses; however 1.2 million reported that they had no paid employees. As such, these small business owners will not be eligible for the small business tax credit or be able to purchase private health insurance in the SHOP in 2015. Since a majority of Asian American small businesses do not qualify for coverage through the SHOP, there must also be a strategy for enrolling self-employed Asian American small business owners with no paid employees into the Individual Marketplace, where they may be able to take advantage of the APTCs.

Employer Penalties

While the ACA does not require employers to provide health insurance benefits to their workers, larger employers will face penalties (called the “Employer Shared Responsibility Payment”) if they do not make affordable coverage available. Beginning in 2015 for employers with 100 or more employees and 2016 for employers with 50 or more employees, large employers will be required to offer coverage to their full-time employees and their dependents or pay the penalty. These penalties vary depending on a number of factors including business size; those employing more than 50 full time employees may pay around \$2,000 per employee, per year.⁸ Small businesses with less than 50 employees are exempt from the penalty. These penalties increase each year based on the growth of premium costs. Based on the 2007 Survey of Business Owners conducted by the U.S. Census, these penalties may affect an estimated 6,000 Asian-owned small businesses. States will need to help these affected businesses understand the potential impact of these penalties.

For more information about the Employer Shared Responsibility Provision:

<https://www.healthcare.gov/what-is-the-employer-shared-responsibility-payment/>

Limited English-Proficient Populations

Limited English proficient (LEP) populations constitute a significant percentage of the 500,000 individuals expected to eventually participate in both the Individual Marketplace and the SHOP. In the first open enrollment period for individuals, it is estimated that over 150,000 individuals enrolled in and purchased health insurance. In Illinois, more than 1 and 3 Asian Americans are LEP, many of whom are small business owners and workers. Language barriers can reduce the rates of enrollment and lower the quality and effectiveness of prevention, treatment and patient education programs. It is essential that important written documents, such as eligibility and enrollment forms and instructions, be translated into a variety of Asian languages.

Recommendations

Conduct targeted methods of outreach to help the small business community understand the ACA.

Among the Asian American community, ethnic subgroup and generation are key factors in determining resource allocation for outreach, what type of outreach will be most effective, and which targeted strategies must be used to provide accurate and useful information about the ACA. Federal, state, and local entities who engage in ACA outreach and education must be aware of these preferred methods if they want to be successful in getting Asian American small businesses enrolled in health insurance coverage.

Be prepared to discuss the specific costs of providing insurance.

Small business owners need someone who can help determine their actual costs and calculate their full-time equivalent employees when deciding whether or not purchase insurance for employees through the SHOP Marketplace. Navigators, brokers or other agents assisting them in learning about insurance coverage options must be both a trusted resource and someone who can assist with cost analysis.

Small business employers should be a key resource in leading employees to the Individual Marketplace to get coverage even if the employer chooses not to provide coverage.

The ACA does not require small businesses with less than 50 full-time equivalent employees to provide insurance coverage, and many Asian American small businesses in Illinois are sole proprietorships or family businesses. These employers may elect not to provide health insurance directly to their employees. However, many of their employees may be eligible to get subsidized health insurance (through premium tax credits and cost-sharing reductions) through the Individual marketplaces. Small business owners should feel comfortable referring them to resources to learn about coverage options and get enrolled.

Data Sources

Data for this report was extracted from the following sources listed below and analyzed using SAS software, version 9.3 copyright, SAS Institute Inc. SAS and all other SAS Institute Inc. product or service names are registered trademarks or trademarks of SAS Institute Inc., Cary, NC, USA.

2007 US Census Survey of Business Owners: Title 13 of the United States Code authorizes the Survey of Business Owners (SBO) and provides for mandatory responses on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status. The SBO data sets also include the Characteristics of Businesses (CB) and the Characteristics of Business Owners (CBO), which present additional demographic and economic information about business owners and their business activities.

American Community Survey Public Use Microdata Sample: The Public Use Microdata Sample (PUMS) files are a set of untabulated records about individual people or housing units. Each record shows most of the information associated with a specific housing unit or individual except for personal identifying information and some things that could be used to identify an individual. The most detailed geographic area data available in PUMS are Public Use Microdata Areas (PUMAs), or areas containing about 100,000 residents.

Endnote References

¹ U.S. Department of Commerce Minority Business Development Agency, Asian–American–Owned Business Growth & Global Reach (2007). http://www.mbda.gov/sites/default/files/AsianOwnedBusinessGrowthandGlobalReach_Final.pdf.

² 2008–2012 American Community Survey 5–Year Estimates, Place of Birth (Asian Alone) in the United States Table B06004D.

³ Huang, K and Carrasquillo, O (2008) The role of citizenship, employment, and socioeconomic characteristics in health insurance coverage among Asian subgroups in the United States. *Med Care* 46, 1093–1098.

⁴ Buchmueller, TC, Lo Sasso, AT, Lurie, I and Dolfin, S (2007) Immigrants and employer–sponsored health insurance. *Health Services Research* 42, 286–310.

⁵ U.S. Census Bureau, Census 2000 Redistricting Data (Public Law 94–171) Summary File, Table PL1; and 2010 Census Redistricting Data (Public Law 94–171) Summary File, Table P1

⁶ 2010–2012 American Community Survey 3–Year Estimates, Place of Birth (Asian Alone) in the United States, Table B02006.

⁷ Congressional Budget Office, Updated Estimates for the Insurance Coverage, Provisions of the Affordable Care Act, Mar 2012. Retrieved from: <http://www.cbo.gov/sites/default/files/cbofiles/attachments/03-13-Coverage%20Estimates.pdf>

⁸ The Kaiser Family Foundation has developed a flow chart on this issue entitled Employer Responsibility Under the Affordable Care Act, which is a useful tool in approximating penalty amounts. See <http://healthreform.kff.org/The-Basics/Employer-Penalty-Flowchart.aspx>

Acknowledgments

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About Us

The Asian Health Coalition is a 501c(3) non-profit established in 1996, with a mission to improve the health and wellness of the Asian American community through advocacy, technical assistance, public and community-based education and research. To learn more, visit www.asianhealth.org.

The Sargent Shriver National Center on Poverty Law provides national leadership in advancing laws and policies that secure justice to improve the lives and opportunities of people living in poverty. We specialize in practical solutions. Through policy development, advocacy, litigation, consulting, training and communications, we are building the national capacity of people living in poverty by representing them directly and by supporting and enhancing the capacity of other public interest lawyers who serve them.

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