

Affordable Care Act Marketplace Coverage for the Self-Employed and Small Business Owners

Before the Affordable Care Act (ACA) was enacted in 2010, self-employed workers and small business owners had limited options to purchase affordable, high-quality health coverage. While most Americans obtained health coverage through their jobs, self-employed workers and small business owners often needed to purchase health coverage on their own, in which case quality coverage was expensive and sometimes denied.

The Affordable Care Act established Marketplaces in all states beginning in 2014. Self-employed workers and small business owners, as well as anybody else who does not have other access to affordable health coverage, can purchase it on their own and can qualify for tax credits if their premiums would otherwise be unaffordable as a share of their income.

In 2022, 1.7 million self-employed workers ages 21-64 and 2.7 million small business owners ages 21-64 were covered by Marketplace coverage at some point during the year. These two groups partially overlap: a total of 3.3 million self-employed workers and small business owners were covered at some point during the year, amounting to 28 percent of all Marketplace enrollment in this age range. This represents a significant increase relative to earlier years: previous Treasury analyses found that 1.4 million self-employed workers and small business owners were covered by Marketplace coverage in 2014 and 2.6 million in 2021. While the estimates use slightly different methods, across all three analyses self-employed workers and small business owners account for between 25 and 28 percent of Marketplace enrollment in the sample.¹ Moreover, because overall Marketplace enrollment has grown since 2022, if self-employed workers and small business owners account for the same share of enrollment in 2024 that they did in 2022, 4.2 million self-employed workers and small business owners would have coverage.²

The ACA Marketplaces are a disproportionately important source of coverage for self-employed workers and small business owners. In 2022, 18 percent of self-employed workers and small business owners ages 21-64 had ACA Marketplace coverage, compared to 6 percent of the rest of the population ages 21-64. In every state, self-employed workers and small business owners are more likely to rely on the ACA Marketplaces for coverage than other working-age Americans. However, the rate of Marketplace coverage for this group varies across the country. In the following states, more than one fifth of small business owners and self-employed people had ACA Marketplace coverage in 2022: Florida, Georgia, Maine, North Carolina, Nebraska, New Hampshire, South Carolina, Utah, and Wyoming.

The American Rescue Plan Act of 2021 and the Inflation Reduction Act of 2022 enhanced the Premium Tax Credit (PTC) available to people purchasing coverage through the ACA Marketplaces by increasing

¹ The first Treasury analysis focused on a sample of workers while subsequent analyses focused on a sample of filers age 21-64.

² This calculation assumes the same share of exchange enrollees are filers between age 21-64. Additionally, we assume no additional enrollment between February 2024 and the end of the year, even though in 2023 enrollment increased during most of the year. See <https://www.cms.gov/files/document/early-2024-and-full-year-2023-effectuated-enrollment-report.pdf>.



the size of the credit for households with incomes below 400% of the poverty level and expanding eligibility to households with incomes above 400% of the poverty level for the first time. Before the American Rescue Plan was enacted, enrollees risked losing their entire PTC if they received a single dollar in income above the cutoff. Over 2.7 million, or 82%, of self-employed workers and small business owners enrolled in Marketplace coverage in 2022 claimed the Premium Tax Credit, including about 285,000 taxpayers with incomes over 400% of the poverty level.

To estimate coverage for the self-employed and small business owners, the Treasury Department analyzed tax and information returns for tax year 2022. The analysis is based on a 10% random sample of tax returns. Marketplace coverage is measured using data submitted to the IRS on Forms 1095-A for tax year 2022. A person is considered covered if they had Marketplace coverage at any point in the year. Small business owners are defined based on information contained in Form 1040 Schedules C, E and F, Forms 1065, and 1120S. We follow the definition used in OTA Technical Paper 4 with the exception that we use a \$5 million income threshold. A taxpayer is defined as self-employed if they received at least 85% of their earnings from income reported on Schedule SE. PTC receipt is defined based on information contained in Form 8962. We report statistics separately for each state based on the address listed on the 1040.



Table 1: Number of Self-Employed Workers and Small Business Owners with Marketplace Health Insurance Coverage in 2022, Ages 21-64

State	Self-Employed Workers	Small Business Owners	Either	Share of Marketplace Enrollees
AK	2,330	4,190	4,820	26%
AL	24,810	41,070	49,020	27%
AR	8,480	15,780	18,490	25%
AZ	21,250	34,730	41,550	26%
CA	234,680	385,220	450,010	29%
CO	22,480	35,030	42,750	26%
CT	15,550	23,930	28,340	30%
DC	2,670	3,260	4,120	31%
DE	3,040	5,250	6,200	25%
FL	342,020	485,290	618,590	31%
GA	84,930	140,420	168,070	31%
HI	4,420	6,980	8,060	41%
IA	8,620	16,480	18,740	28%
ID	6,260	11,830	13,880	25%
IL	41,790	62,330	76,920	27%
IN	16,310	27,240	32,650	24%
KS	12,190	20,140	23,870	26%
KY	7,760	14,200	16,480	27%
LA	13,260	22,650	26,780	31%
MA	26,500	42,650	50,130	21%
MD	20,500	31,630	38,240	25%
ME	8,310	13,110	15,460	29%
MI	34,840	54,500	65,490	27%
MN	12,620	22,300	25,730	25%
MO	28,740	47,320	56,070	28%
MS	13,450	22,060	27,130	24%
MT	5,520	11,020	12,500	28%
NC	72,950	110,530	134,260	26%
ND	3,240	6,760	7,550	34%
NE	10,030	21,160	23,240	31%
NH	8,490	12,520	14,650	31%
NJ	38,050	61,080	72,890	27%
NM	4,920	7,350	8,860	25%



Table 1: Number of Self-Employed Workers and Small Business Owners with Marketplace Health Insurance Coverage in 2022, Ages 21-64, Continued

State	Self-Employed Workers	Small Business Owners	Either	Share of Marketplace Enrollees
NV	13,280	20,620	24,350	30%
NY	30,390	49,670	59,200	25%
OH	26,800	43,200	51,520	24%
OK	18,720	32,700	39,040	29%
OR	17,730	29,310	34,200	27%
PA	47,220	74,930	88,700	27%
RI	3,350	5,280	6,230	20%
SC	30,720	49,490	59,160	24%
SD	4,620	8,500	9,770	29%
TN	35,870	55,050	66,270	29%
TX	215,690	352,430	423,790	31%
UT	16,000	30,440	36,320	22%
VA	35,020	55,210	66,110	27%
VT	3,600	6,290	7,170	30%
WA	27,970	44,270	53,130	26%
WI	23,260	39,200	45,790	23%
WV	2,710	4,240	5,040	23%
WY	3,290	5,970	7,120	25%
Other	730	530	1,100	24%
Total	1,717,980	2,727,340	3,285,550	28%

Note: This analysis is based on a 10% random sample of all tax returns. Marketplace coverage is measured using data submitted to the IRS on Forms 1095-A for tax year 2022. Small business owners are defined based on information contained in Form 1040 Schedules C, E and F, Forms 1065, and 1120S. We follow the definition used in OTA Technical Paper 4 with the exception that we use a \$5 million income threshold. A taxpayer is defined as self-employed if they received at least 85% of their earnings from income reported on Schedule SE. Other refers to individuals who listed an address on their tax return that is not one of the 50 states or the District of Columbia.



Table 2: Share of People with Marketplace Coverage in 2022, Ages 21-64 by Self-Employment/Small Business Ownership Status

State	Self-Employed and Small Business Owners?		State	Self-Employed and Small Business Owners?	
	Yes	No		Yes	No
AK	16%	4%	MT	20%	7%
AL	19%	7%	NC	25%	8%
AR	12%	5%	ND	17%	4%
AZ	12%	4%	NE	24%	6%
CA	19%	6%	NH	22%	5%
CO	13%	4%	NJ	14%	5%
CT	14%	4%	NM	10%	3%
DC	13%	3%	NV	14%	4%
DE	14%	4%	NY	5%	2%
FL	36%	15%	OH	10%	3%
GA	21%	8%	OK	18%	6%
HI	11%	2%	OR	18%	5%
IA	12%	4%	PA	16%	4%
ID	15%	5%	RI	13%	5%
IL	12%	4%	SC	21%	8%
IN	12%	4%	SD	18%	6%
KS	18%	5%	TN	15%	5%
KY	8%	2%	TX	19%	8%
LA	9%	4%	UT	25%	8%
MA	15%	6%	VA	15%	5%
MD	11%	4%	VT	20%	6%
ME	21%	6%	WA	16%	4%
MI	15%	4%	WI	19%	6%
MN	10%	3%	WV	9%	2%
MO	19%	6%	WY	25%	8%
MS	16%	8%	Other	1%	0%
			Total	18%	6%

Note: See note to Table 1.



Table 3: Share of Self-Employed Workers and Small Business Owners with Marketplace Coverage who Claimed Premium Tax Credits in 2022, Ages 21-64

State	Share	State	Share
AK	82%	MT	82%
AL	89%	NC	86%
AR	81%	ND	83%
AZ	76%	NE	90%
CA	83%	NH	65%
CO	69%	NJ	80%
CT	81%	NM	73%
DC	27%	NV	80%
DE	82%	NY	50%
FL	88%	OH	74%
GA	83%	OK	88%
HI	77%	OR	77%
IA	86%	PA	82%
ID	84%	RI	75%
IL	81%	SC	84%
IN	76%	SD	91%
KS	85%	TN	82%
KY	79%	TX	84%
LA	85%	UT	86%
MA	69%	VA	82%
MD	73%	VT	82%
ME	78%	WA	64%
MI	78%	WI	83%
MN	65%	WV	86%
MO	85%	WY	91%
MS	85%	Other	41%
		Total	82%

Note: See note to Table 1.

