

Farmers, Barbers, and GOP Lawmakers Grapple With the Fate of ACA Tax Credits

Small-business owners and their employees are worried about their health care and their livelihoods as insurance prices surge.

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John Cleveland is ready to pay a lot more for his health insurance next year.

He hasn't forgotten the pile of hospital bills that awaited him after he had a seizure while tending to customers in his Austin, Texas, barbershop four years ago. Once doctors hurriedly removed the dangerous tumor growing on his brain, a weeklong hospital stay, months of therapy, and nearly \$250,000 worth of medical expenses followed.

The coverage he has purchased for years through the Affordable Care Act marketplace covered most of those bills.

"That saved my ass," said Cleveland, who owns three barbershops across the city.

Even with Cleveland's monthly premiums expected to soar next year — from \$560 to about \$682 — he will still sign up for a plan that requires him to shell out \$70 if he sees a doctor and 50% of the cost for any emergency room visits. Still, Cleveland is most worried about some of his employees, who might risk going without insurance once they see the high prices.

Small-business owners are among those who stand to lose the most should Congress let the additional, generous federal subsidies put in place during the covid-19 pandemic lapse. The looming change threatens not only their own coverage but also that of their employees, who often depend on marketplace coverage.

Whether to extend the enhanced ACA subsidies that cost taxpayers billions of dollars yearly poses a serious political conundrum for Republicans. After years of unified opposition to Obamacare, the party now faces pressure from one of its most [loyal constituencies](#), small-business owners, who will bear the brunt of rising premiums if the subsidies disappear.

Most of the roughly 20 employees who work on Justin Miller's 113-year-old family fruit farm in rural Northern California purchase coverage through the Obamacare marketplace.

He's agonizing over what it could mean if health insurance through the marketplace becomes unaffordable for his employees. He fears they might consider leaving his farm for a job that comes with health coverage.

"Being a small-business owner, especially in a field like ours, where it is tough work and we really understand how hard everybody works, we have to look everybody in the eyes every day," Miller said. "Knowing that they're going to have to pay \$4,000 or \$5,000 more a year to stay on their insurance is a tough pill to swallow."

Miller says he already pays a minimum wage of \$22.50 and provides sick leave, vacation, retirement, and employee housing benefits.

Adding health insurance for his employees, he said, would be too costly to keep his farm in business.

GOP Pollsters Issue ACA Caution

[About half](#) of the 24 million people enrolled in Obamacare coverage are, or are employed by, small-business owners — a group that is more likely to vote Republican and overwhelmingly backed President Donald Trump in last year's election. Farmers, dentists, real estate agents, and chiropractors are [among the professions](#) most represented among enrollees.

Even Trump's own pollsters have found deep support for the Obamacare subsidies, warning that failing to extend them could cost Republicans in next year's midterms.

A poll conducted last month by Republican pollster John McLaughlin found that a majority of independent voters [would be less likely](#) to vote for politicians who voted to let the enhanced tax credits expire.

Given that "approximately 4 million" people would lose coverage and premiums would "skyrocket by an average of 75%," the poll also concluded that: "A candidate for congress who let the healthcare tax cuts expire would also be vulnerable to more pointed messages."

Red States Benefited From the Subsidies

Some red states have seen Obamacare enrollment balloon since the federal government began offering extra help paying premiums in the form of more generous subsidies.

[Texas and Florida](#) have added 2.8 million enrollees each since 2020, far outpacing growth in most other states. Together, the two states now account for more than a third of marketplace enrollment nationally.

A small chorus of Republican lawmakers — up for reelection next year, mostly in competitive races — have [proposed an extension](#) of the subsidies, urging Democrats to vote to reopen the government while simultaneously pleading with House Speaker Mike Johnson to work out a bipartisan deal that doesn't allow them to simply lapse.

At Cleveland's barbershops in Austin, about a third of his 18 employees rely on Obamacare coverage. He's talked to them about their health insurance options for next year but said many hadn't started thinking about open enrollment, which began November 1.

He's worried they'll be baffled once they see the new prices, which currently reflect what customers will pay next year without an extension of the extra subsidies.

"There's a couple of my barbers that are going to go without, because they're healthy and young, but I thought I was too when everything happened to me," said Cleveland, now 47.

Republicans, meanwhile, remain wary of voting to extend the additional Obamacare subsidies, said Rodney Whitlock, a vice president at the McDermott+ consultancy who was a longtime congressional staffer and advises on health care policy.

No Republican voted for the extra subsidies when they were introduced in 2021 or continued in 2022. Approving them now, he said, is viewed by many as a band-aid that would temporarily help a program GOP leaders have long lambasted as problematic and too costly.

But, Whitlock noted, many in the party are coming to terms with how the subsidies might affect their changing constituencies. [Nearly 6 in 10](#) Obamacare enrollees live in a Republican-held congressional district.

"Republicans are slowly starting to grasp that the lower third of income earners are their voters," he said. "For the first time, I think they're getting there. That battleship turns slowly."

Rep. Marjorie Taylor Greene, a Georgia Republican who has firmly backed Trump, broke with her party last month, calling on the GOP to extend the subsidies. Greene said in an interview that rising health care costs are the "[No. 1 issue](#)" she hears about from people living in her district.

"I know a lot of small-business owners, like a family of four, and they're paying \$2,000 a month," Greene said during the television interview, adding that rising deductibles make the insurance hardly functional for anything other than catastrophes.

She warned in another TV interview that "ignoring" the issue could be "very bad for midterms" next year.

Miller, the farmer who lives in a conservative district in Northern California, expects monthly health insurance premiums for himself, his wife, and two of his children to jump from \$264 to \$600. His deductibles and copayments are going up, too. He expects all these new expenses will still be on his mind when he goes to vote in the midterm elections next year, he said. Describing himself as an independent, Miller said he is frustrated that few American politicians talk about the type of universal health care coverage that's available in other countries.

"I'm definitely voting for those that will protect the working American, regardless of party," he said.

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