Small Business Bulletin

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Small Business Health Plans Could See 11% Increase in 2026

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Every year, health insurance companies inform state officials of their expected cost changes and propose new prices for plans that comply with the Affordable Care Act regulations. A report from KFF, an independent source for health policy research, focuses specifically on plans for small businesses, typically those with 50 or fewer employees. These plans can be purchased through the Small Business Health Options Program (SHOP), through special programs, or directly from insurance providers. According to the report, insurance providers representing all 50 states and the District of Columbia propose raising their prices by a median of 11% for 2026.

Researchers gathered proposed premium rates from government websites for 318 insurance companies across the country. They also examined detailed documents from 96 insurers in 16 states and the District of Columbia to better understand why premiums are changing.

Attributing Factors

The following factors were cited as driving premium increases in 2026:

- **Rising health care costs**—Health care services and provider treatments are getting more expensive. Insurance providers anticipate a 9% increase in these costs in 2026.
- **Inflation and labor shortages**—General inflation and a shortage of health care workers are making it more expensive for insurers to pay doctors and hospitals. Some insurers say the merging of big health care companies is reducing competition and driving up prices.
- **Tariffs**—Some insurers are concerned that tariffs could increase the cost of medications and medical supplies.
- **Expensive medications**—Many insurers noted concerns about the increased use and cost of glucagon-like peptide-1 (or GLP-1) drugs and other specialty medications. These drugs are expensive and widely used, likely leading to increased premiums.
- **Market volatility**—The small group market is becoming less stable. Fewer small businesses are buying these plans, and those that do often have employees with higher health care needs, which increases costs. Instead, businesses are turning to individual or self-insured plans.

Conclusion

Small businesses that offer health care should prepare for notable increases in health insurance premiums in 2026, with many insurers proposing double-digit rate hikes. Rising costs can be unavoidable, but employers can continue to monitor market trends to inform their decisions on employee benefits effectively.

Reach out today for more resources on health care costs.

How Gig Workers Impact Small Businesses

Gig work refers to labor defined by short-term contracts, freelance work and independent contracting, rather than traditional full-time employment. Gig workers provide a wide range of services, including professional and technical roles such as graphic design, consulting and software development, which are often facilitated through platforms like Upwork, Fiverr and Toptal. Small businesses commonly use these services to complete routine tasks or fill short-term roles such as delivery drivers, freelance graphic designers, virtual assistants, bookkeepers and event staff.

An increasing number of workers are actively embracing gig work. According to Statista, more than 70.4 million Americans are currently involved in freelance work. By 2027, freelancers, gig workers and crowd workers are expected to become the majority of the workforce. For employers, this trend is increasingly unavoidable.

How Gig Work Impacts Employers

Gig work is becoming a go-to option for many small businesses thanks to its flexibility, scalability and cost-effectiveness. In fast-moving environments where needs can shift quickly, bringing in help on short notice, without the commitment of a full-time hire, can be a real advantage.

For roles that are tough to fill or don't require someone full-time, gig workers can be a practical solution. A local shop might hire a freelance social media manager to boost its online presence, while a landscaping business could use gig platforms to find seasonal help during busy months. These kinds of arrangements help small businesses stay nimble without stretching their budgets.

This shift doesn't just affect how companies hire; it also influences the makeup of their existing workforce. Many employees do gig work on the side, driven by rising inflation and the need to supplement their income. This dual engagement can impact employee availability, focus and long-term retention, as traditional jobs compete with the flexibility and earning potential of gig opportunities.

The following are potential benefits of gig work for small businesses:

- **Cost savings**—Since gig workers are typically classified as independent contractors, employers are not required to provide benefits such as health insurance, paid leave or retirement contributions. Some businesses may find that gig work is more cost-effective for specific tasks.
- **Scalability and flexibility**—Gig workers can allow employers to quickly adjust the size of their workforce based on project needs or seasonal shifts, without long-term commitments tied to traditional employment.
- **Access to specialized talent**—Gig platforms can connect employers with freelancers offering niche expertise in graphic design, consulting and software development. These professionals can bring valuable skills employers often struggle to find in competitive labor markets.

Conclusion

The gig economy is reshaping the modern workforce in profound and lasting ways. The rising number of workers participating in gig work is an inevitable trend that labor experts predict will continue to grow. Small businesses should continue to monitor labor trends and consider what practices make the most sense for their organization.

Contact us today for more resources.

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