

What's in the Affordable Care Act for Small Businesses?

The Affordable Care Act takes aim at some of the serious problems within the healthcare system plaguing small businesses, such as skyrocketing insurance costs, administrative hassles, and lack of choice and access to affordable coverage. The law builds upon the existing employer-based health system, so insurance will still be bought from private companies, even if it's purchased through one of the state-based or federal marketplaces.

Insurance marketplaces

- Health insurance marketplaces began enrolling employers Oct. 1, 2013. The marketplaces will enable small businesses with up to 50 employees (100 in some states) to unite and pool their purchasing power, giving them the kind of clout large companies currently enjoy when negotiating for rates. Insurers will have to offer standardized benefit packages within the marketplace, so competition will be based on price and quality, not benefit design.
- Every state was required to have a marketplace by January, 2014. Some have a state-run marketplace, others run it in tandem with the federal government, and still others' are run entirely by the feds if state lawmakers chose not to create one. To learn about your state's marketplace, visit www.healthcare.gov or call 1-800-318-2596.

Small business tax credits

- Businesses with fewer than 25 full-time employees that contribute at least 50% of the total premium and purchase insurance through state marketplaces are eligible for tax credits of up to 50% of the employer contribution. The credit can be claimed for any two consecutive years. The full credit will be available for businesses with fewer than 10 employees averaging less than \$25,000 annual wages, and phase out at \$50,000. Nonprofit organizations will qualify for tax credits of up to 35% of the employer contribution during this time period. Calculate your credit at <http://www.smallbusinessmajority.org/tax-credit-calculator/index.php>.

Cost containment

- Cost containment provisions in the law aim to lower costs throughout the system. These include: eliminating cost shifting that adds to the costs of everyone's care, providing additional choice and alternatives in areas where insurance companies have monopolies, providing funding to oversee proper use of Medicare and Medicaid, and reforming the way doctors and hospitals are paid to reward those with the best patient outcomes. There will be increased attention on health prevention methods and an electronic payment process that will be more efficient and simple.

Requirements for small employers

- Employers will *not* be required to offer health insurance. Those with more than the equivalent of 50 full-time employees who don't provide coverage will have to pay a fee when an employee purchases insurance through a state marketplace and qualifies for a tax credit. Employers with fewer than 50 full-time equivalent employees are not required to offer health insurance, even if an employee purchases insurance through a marketplace and qualifies for a tax credit.
- Employers with more than 50 employees that don't offer coverage and have at least one full-time employee who receives a premium tax credit will have to pay a fee of \$2,000 per full-time employee, minus the first 30 employees.