AFFORDABLE CARE ACT

FOR SMALL BUSINESSES:
WHAT YOU NEED TO KNOW ABOUT THE AFFORDABLE CARE ACT

The Affordable Care Act includes key provisions that will give you and other of America's small business owners new options for providing quality, affordable health coverage to your employees if you so choose. If you own a business with fewer than 50 employees – 96 percent of America's businesses – you will have NO employer responsibility requirement, when the requirement goes into effect in 2015. That is, you will NOT face penalties for not offering affordable coverage to your employees.

The provisions in the health care law will be an improvement over the current market where small businesses have had many problems obtaining affordable insurance up until now. For example, currently small businesses pay 18 percent more in premiums than large firms for the same benefits. Also, today, premiums for a small business can rise exponentially simply because one of your employees gets cancer or has a serious heart attack.

How the Affordable Care Act affects you as a business owner will depend on how many employees you have. Following is an overview.

Beginning in 2014, For Businesses with Fewer than 25 Employees:

- There is no employer responsibility requirement.
- There is a sliding-scale tax credit to help you afford to offer employee health insurance coverage, if you have average annual wages of less than $50,000. The credit is worth up to 50 percent of your small business's premium costs.
- There is a Small Business Health Options Program (SHOP) in each state – a Health Insurance Marketplace for small businesses – to make health insurance affordable and accessible for small businesses with 50 or fewer employees.
- With the SHOPs, by being given the ability to join a large pool, you and other small businesses will now have access to the same types of quality, affordable coverage that only large firms have today.
- The SHOPs will reduce premiums for you and other small businesses through lower administrative costs, increased competition among insurers, increased transparency of costs, and better risk pooling.

Beginning in 2014, For Businesses with 25-49 Employees:

- There is no employer responsibility requirement.
- There is a SHOP in each state – a Health Insurance Marketplace for small businesses – to make health insurance affordable and accessible for small businesses with 50 or fewer employees.
- With the SHOPs, by being given the ability to join a large pool, you and other small businesses will now have access to the same types of quality, affordable coverage that only large firms have today.
- The SHOPs will reduce premiums for you and other small businesses through lower administrative costs, increased competition among insurers, increased transparency of costs, and better risk pooling.

Beginning in 2015, For Businesses with 50 or more Employees:

- There is a shared responsibility requirement for businesses with 50 or more employees. Under the requirement, businesses with 50 or more employees that don't offer affordable health coverage and have at least one full-time employee receiving a premium tax credit in the new Marketplaces will have to pay a penalty.
- However, the vast majority of these businesses already voluntarily offer health coverage. Currently, 94 percent of firms with 50-199 employees already offer coverage to their employees and 98 percent of firms with 200 or more employees do so.
- Beginning in 2016, the SHOPs will be open to employers with 100 or fewer employees.