AFFORDABLE CARE ACT

HOW THE HEALTH CARE LAW BENEFITS SMALL BUSINESSES

- **Provides small businesses access to the same affordable health plans only previously available to large firms.** The health care law establishes state-based SHOP (Small Business Health Options Program) Marketplaces, where beginning in 2014, small businesses and their employees will be able to buy affordable coverage. Small business owners and workers will be able to pool their buying power and do one-stop comparison shopping for affordable plans.

- **Provides small businesses access to quality health plans.** Starting in 2014, affordable plans in the SHOP Marketplaces will have a guaranteed set of minimum benefits – to eliminate fine print surprises and gaps in coverage that often face those who don't have the purchasing power of a large group.

- **Ensures key Patients' Rights, which are particularly important for small businesses** that have often only been able to get health plans with large gaps in coverage. For example, the health care law bans insurance companies from placing lifetime limits on coverage, from placing restrictive annual limits on coverage, and from denying coverage to children with pre-existing conditions.

- **Provides tax credits for small businesses to help them offer employee health insurance coverage – if they choose to do so.** The tax credits cover up to 35% of the cost of the coverage, for businesses with up to 25 employees. Beginning in 2014, these tax credits will start covering up to 50% of the cost of the coverage. In 2011, 360,000 small employers used the Small Business Health Care Tax Credit to help them afford health insurance for 2 million workers.

- **The President has proposed making the tax credit even better.** If enacted, the tax credit under the President's proposal would benefit nearly half a million small employers who provide insurance to 4 million workers. The proposal allows small businesses with up to 50 workers, rather than the current 25, to qualify for the tax credit and also adopts a more generous phase-out schedule.