

INTERACT FOR HEALTH

A Catalyst for Health and Wellness

The New Healthcare Law and You

How will health insurance costs change for **small businesses**?

In the United States, 96% of all companies are small businesses. Small businesses are firms that have no more than 50 full-time equivalent (FTE) employees. This means that the total hours worked by both part-time and full-time workers in a month is no more than what 50 full-time workers would work in a month at 30 hours a week. Seasonal workers are excluded.

The **Affordable Care Act** sets up new programs to help small businesses provide their workers with health insurance.

*The ACA **does not**:*

- *Require small businesses to offer employee health insurance, or*
- *Fine small businesses if they choose not to.*

Some of the new programs have already begun. Others will begin through 2017.



Now:

For businesses with 25 or fewer full-time workers:

- Firms can get an annual Small Business Tax Credit (SBTC) for a percentage of the health insurance premiums they paid for their workers:

	For-profit business	Nonprofit business
2013	Up to 35% of health premiums	Up to 25%
2014 and on	Up to 50% for up to two consecutive years	Up to 35% for up to two consecutive years

- The hours, income and premiums paid for owners and shareholders are not counted for purposes of the SBTC.
- Firms can include premiums for other insurance plans, such as vision, dental and long-term care. For the complete list, see the instructions for IRS Form 8941.
- Employer contributions to health reimbursement accounts (HRAs), flexible spending accounts (FSAs) and health savings accounts (HSAs) are not counted.
- The SBTC applies to all small businesses regardless of tax-return type.
- Businesses qualify for the credit if they:
 - Pay average annual wages of \$50,000 or less
 - Pay for at least 50% of their employees' health insurance premiums
- A nonprofit small business can get the tax credit as an income tax refund even if it had no tax liability that year. But the refund is limited to the amount the business withheld in income and Medicare taxes that year.
- A for-profit small business may use the credit to pay current, past, or future taxes.
- Businesses that self-insure are not eligible for the SBTC.
- To calculate your tax credit, use IRS Form 8941 at www.irs.gov.

How will health insurance costs change for small businesses? (continued)

For businesses with 50 or fewer full-time workers:

- Firms can use the Insurance Finder tool on healthcare.gov to find health insurance options in their area.
- \$200 million is available to help small businesses start comprehensive wellness programs. Such programs help workers learn more about their health. They also encourage workers to eat healthy foods, get more exercise, and improve their mental health. Businesses can apply for these grants until 2015. To qualify the business must not have had a wellness program in place since March 23, 2010
- Small businesses may choose to report the amount they spend on each worker's health insurance on the worker's W-2. This amount will not be taxable. It is just to inform workers of the cost of their health insurance.



Beginning in 2014:

- Small businesses can buy health insurance on Small Business Health Options Program (SHOP) exchanges. SHOP exchanges will be online marketplaces where small businesses can compare health plans based on coverage and cost. The exchanges are designed to reduce costs by using standard, easy-to-understand information.
- Small business workers who do not get insurance from their employer can buy insurance on an individual exchange. Individual exchanges will help people find the best insurance by letting them easily compare insurance plans based on coverage and price.
- Insurers will no longer be allowed to increase a business's insurance costs because a worker gets sick, has a long-term health problem, or is a woman. Insurers will be allowed to increase premiums only based on age, whether workers use tobacco, and where they live.
- All employers can offer employees rewards up to 30% (in some cases 50%) of the cost of coverage for participating in a wellness program and meeting certain health-related standards.

INTERACT FOR HEALTH

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Interact for Health, formerly The Health Foundation of Greater Cincinnati, improves the health of people in the Cincinnati

region by being a catalyst for health and wellness. We accomplish our mission by promoting healthy living through grants, education and policy. Interact for Health is an independent nonprofit that serves 20 counties in Ohio, Kentucky and Indiana.



You can ask us questions and find copies of our materials at: <http://reform.interactforhealth.org>.