

# The new health care law: What's in it for me & Tennessee?

## BENEFITS for SMALL BUSINESS

Tennesseans and their families will receive security and peace of mind from the new health care law, the Patient Protection and Affordable Care Act. Benefits begin this year, with most benefits in place by 2014.



### 2010

- **New tax credits for small employers** contributing at least 50% of the total premium:
  - Full 35% credit of employer contribution available to small businesses with fewer than 10 employees averaging less than \$25,000 annual wages.
  - Sliding-scale up to 35% if fewer than 25 employees and average annual wages of less than \$50,000
- Insurers will no longer be able to drop coverage if you or an employee gets sick
- No lifetime caps on benefits

### 2011

- Grant money awarded to small businesses that establish employee wellness programs
- Long-term care insurance program to be financed by voluntary payroll deductions to provide benefits to adults who become functionally disabled.

### 2014

- **Tax credit increases** up to 50% of employer premium contribution for previous 2 years
- Small business owners with fewer than 100 employees can **shop for and compare plans through the new online marketplace called the Small Business Health Options Program (SHOP) exchange**
  - Pool risk with other small businesses, SHOP gives same competitive advantage as large businesses, lowering costs and freeing up revenue to reinvest and hire more employees
  - More choices of health plans through the Exchange; compare plans--apples to apples
  - Employers select plan(s) (bronze, silver, gold, platinum) to offer, and let employees pick the plan that works best for them

#### **Employer Insurance Coverage Requirements:**

- **50 or fewer employees: Exempt** from employer requirements to provide insurance
- **51 or more employees: Don't offer coverage**, and 1 or more full-time employees receive premium credit, employer assessed \$2,000/full-time employee, excluding the first 30 employee.
- **51 or more employee: Offer coverage**, but 1 or more full-time employees receive a premium credit, employer pays the lesser of \$3,000 for each employee receiving a premium credit or \$2,000 for each full-time employee
- Insurers banned from discriminating against health status (pre-existing conditions), so costs won't skyrocket if an employee gets sick
- Clear and plain language required on insurance forms to make it easier to understand what benefits and doctors are covered through a given plan
- Annual limits on coverage prohibited
- Deductibles limited to \$2,000 for individuals and \$4,000 for families in small group market

IRS and Small Business Tax Credits @ <http://www.irs.gov/newsroom/article/0,,id=220839,00.html>

Council for Nonprofits @ <http://www.councilofnonprofits.org/public-policy/federal-policy-issues/health-care-reform/small-employer-credit>

Small Business Majority's Small Business Calculator @ <http://smallbusinessmajority.org/tax-credit-calculator/>



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