



HOW THE NEW HEALTH REFORM LAW WILL HELP SMALL BUSINESSES

Lowering Costs for Small Businesses

In 2010:

Small Businesses Become Eligible for Affordability Tax Credits

- This year, small businesses will get a tax cut to help them pay for health insurance for their employees. Approximately 122,100 small businesses in Maryland could qualify for these credits.
- The *Patient Protection and Affordable Care Act* will provide a sliding-scale tax credit to small employers with fewer than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for employees. The full credit will be available to employers with 10 or fewer employees and average annual wages of less than \$25,000. To be eligible for a tax credit, the employer must contribute at least 50 percent of the total premium cost.
- For 2010 through 2013, eligible companies will receive a tax credit for up to 35 percent of their contribution toward the employee's health insurance premium. Tax-exempt small businesses meeting the above requirements are eligible for tax credits of up to 25 percent of their contribution.
- In 2014 and later, eligible companies who purchase coverage through the Exchange can receive a tax credit for two years of up to 50 percent of their contribution. Tax-exempt small businesses meeting the above requirements are eligible for tax credits of up to 35 percent of their contribution.
- An estimated 3.6 million small businesses nationwide will qualify for the tax credit.

Providing Immediate Information to Small Businesses on Affordable Health Care Options

- The *Patient Protection and Affordable Care Act* will establish an Internet portal where individuals can easily access information about affordable and comprehensive coverage options. The web portal will also provide information to small businesses about available health coverage options, including information regarding reinsurance for early retirees, small business tax credits, and other information specifically for small businesses regarding affordable health care options.

In 2011:

Increasing Access to Workplace Wellness Programs

- The *Patient Protection and Affordable Care Act* will authorize grants to help small business employees access comprehensive workplace wellness programs.

Beginning in 2014:

Increase Quality, Affordable Options for Small Businesses

- The *Patient Protection and Affordable Care Act* will provide small business with up to 100 employees access to state-based Small Business Health Options Program (SHOP) Exchanges. These Exchanges would include web portals that provide standardized, easy-to-understand information that make comparing and purchasing health care coverage easier for small business employees, and reduce the administrative hassle that small businesses currently face in offering plans.
- SHOP Exchanges will allow small businesses to leverage their collective buyer power in large pools that will provide comparable rates to larger employers.
- Small businesses growing beyond the upper employee limit in the SHOP Exchange will continue to purchase health insurance through the Exchange. Beginning in 2017, states could allow businesses with more than 100 employees to purchase coverage in the SHOP Exchange.
- The *Patient Protection and Affordable Care Act* will streamline health plans to keep premiums lower by instituting a premium rate review process and setting standards for how much insurance companies can spend on administrative costs.

Ensure Employer Responsibility Exempts Small Firms

- The *Patient Protection and Affordable Care Act* will exempt employers with 50 or fewer employees from any employer responsibility provision.

Employer Responsibility for Companies with More than 50 Employees

- Employers with more than 50 full-time workers that do not offer health insurance coverage will pay an assessment of \$2,000 per full time worker if any of their employees obtains premium tax credits through the Exchange. The first 30 full time workers are exempt from the calculation.
- Employers with more than 50 full-time workers that offer unaffordable coverage or coverage that does not cover at least 60 percent of allowable costs will pay \$3,000 for any employee that receives a premium tax credit in the exchange, up to a cap of \$750 for every full-time employee.
- Employers with more than 200 employees that offer coverage will be required to automatically enroll all employees in their health insurance plans, allowing individual workers to opt-out.

Clarifying Part-Time Worker Definition

- The *Patient Protection and Affordable Care Act* defines a full-time employee is an employee who works on average at least 30 hours per week when calculated on a monthly basis, which takes into account fluctuation in employee work hours from week to week in a given month.

Ensuring SBA Resource Partners are Eligible for Awareness Grants

- To ensure small businesses are aware of the insurance options available to them, Small Business Development Centers and all Small Business Administration (SBA) partners will be eligible for awareness grants, including Women's Business Centers, SCORE, Minority Business Centers, Veteran Business Centers, and others.

Adhering to Small Business Contracting Regulations

- The *Patient Protection and Affordable Care Act* clearly states that agencies cannot waive the Federal Acquisition Regulation, which requires them to report small business contracting numbers and meet small business contracting goals of 23 percent.