

Congressional Connection



CONGRESSWOMAN
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TAX CREDITS FOR SMALL BUSINESSES

Health reform provides \$40 billion in tax credits for small businesses to help them offer employee health insurance coverage. More than 60% of small businesses—more than four million firms—will be eligible for these credits.

- *The tax credit is effective immediately. Small businesses that provide coverage for their workers will receive immediate help with their premium costs. Additional firms that initiate coverage this year will get a tax cut, too.*
- *This sliding tax credit is worth up to 35% of a small business's premium costs in 2010. In 2014, this rate increases to 50%. Firms can claim the credit for 2010 through 2013 and for any two years after that.*
- *To qualify for the tax credit, businesses must have fewer than 25 employees and average annual wages of \$50,000 or less. The full tax credit is available to businesses with 10 or fewer employees and average annual wages of \$25,000 or less.*

Source: Office of Speaker Nancy Pelosi

HealthCare Reform: A Guide for Small Businesses

Health insurance reform makes coverage more affordable, provides tax credits, and promotes wellness and prevention.

Now that health care reform has become law, what does that mean for small businesses? The new law lowers health care costs so businesses can focus on what they do best.

Affordable Coverage. The reform creates Health Insurance Exchanges—or a competitive marketplace—where small businesses can purchase affordable coverage. Through the Exchanges, small business owners and workers can do one-stop comparison shopping for an affordable plan that offers lower rates like those big businesses pay, stable pricing, lower administrative costs, and choice of quality plans for employees.

Tax Credits. Health reform provides \$40 billion in tax credits to help small businesses offer their employees health insurance coverage.

Exemption from Responsibility to Offer Coverage. Because providing employee health coverage is unaffordable for many of America's small businesses, the reform exempts small firms with fewer than 50 employees from the employer responsibility requirements that begin in 2014. This means that 96% of U.S. firms—5.8 million of 6 million—will be exempt.

Help with Wellness and Prevention. Small businesses that want to promote healthy behavior have access to health plans for their workers that provide free preventive care. The new law also creates a grant program to encourage small employers to develop employee wellness programs.

Reformed Rating Rules. The new law reforms rating rules so that small businesses will no longer pay higher premiums if they have employees with high health costs due to age or sickness.

Immediate Help for the Uninsured. For those small businesses with workers who have been uninsured for several months or denied a policy based on “pre-existing conditions,” a high risk pool will immediately offer insurance and assistance to help pay the premiums.

Access to the Best Doctors. The best doctors in America can see patients—even those who own or work for small businesses in rural areas—through telehealth networks and telehealth resource centers established through grants.



Sources: Office of Speaker Nancy Pelosi and the House Committees on Ways and Means, Energy and Commerce, and Education and Labor

Provisions That Provide Immediate Help

Some aspects of the new law will provide small businesses and their employees with immediate help.

The new law includes several key provisions that will provide benefits and assistance to our nation's small businesses and their employees:

Provides \$40 Billion in Tax Credits: The law provides \$40 billion in tax credits to help small businesses afford health care insurance. It provides an immediate sliding scale tax credit up to 35% to businesses with fewer than 25 employees and average annual wages of less than \$50,000. In 2014 and later, it provides eligible small businesses who purchase coverage through the Exchange with a tax credit for two years of up to 50% of their contribution.

Gives Help to Early Retirees: The law creates a temporary re-insurance program (until the Exchanges are available) to help offset the cost of expensive health claims for employers that provide health benefits for retirees aged 55 to 64. *(Effective within 90 days)*

Gives Immediate Help to the Uninsured: The law provides immediate access to insurance for Americans who are uninsured because of a pre-existing condition through a temporary high-risk pool. *(Effective 90 days after enactment)*

Ends Recissions: The law bans health plans from dropping people from coverage when they get sick. *(Effective six months after enactment)*

Extends Coverage for Young People until 26: The law requires health plans to allow young people to remain on their parents' insurance up to their 26th birthday. *(Effective six months after enactment)*

Provides Free Preventive Care Under Medicare: The law eliminates co-payments for preventive services and exempts preventive services from deductibles under the Medicare program. *(Effective 1/1/2011)*

Guaranteed Set of Minimum Benefits: Beginning in 2014, affordable plans in Health Insurance Exchanges will have a guaranteed set of minimum benefits to eliminate fine print surprises that often face those who do not have the purchasing power of a large corporation or group. Reforms mean:

- No more discrimination because of "pre-existing conditions." This prohibition applies to children in 2010 and will include adults in 2014.
- No selective refusals to renew small business coverage.
- No more premium ratings for gender, occupation, or previous illness or medical condition that unfairly drive up costs for some.
- No lifetime or annual caps on what insurance companies will pay for your coverage.
- Caps on what you pay out-of-pocket.



Source: Office of Speaker Nancy Pelosi

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