

The Affordable Care Act Reduces Premium Cost Growth and Increases Access to Affordable Care



Before ACA, Small Employers Faced Many Obstacles to Covering Workers

- Too few choices
- Higher premiums and unpredictable rate increases
- Higher rates for groups with women, older workers & those with chronic health concerns or high-cost illnesses, in most states
- Waiting periods or no coverage for individuals with Pre-Existing Conditions

Today, under ACA, insurance companies:

- Face limits on administrative spending. Most insurers must now spend at least 80 percent of consumers' premium dollars on actual medical care
- Must disclose and justify proposed rate hikes of 10% or more, which states, or the federal government, may review

Starting in 2014, insurance companies:

- Can't charge higher rates or deny coverage because of a chronic or pre-existing condition
- Can't charge higher rates for women, and face limits on charging additional premiums for older employees
- Will pool risks across small groups creating larger pools like large businesses
- Must not have annual dollar limits on coverage
- Must offer plans that provide a core package of "Essential Health Benefits" equal to typical employer plans in the state

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Starting in January, 2014 -- with enrollment opening on October 1st -- small employers will have a whole new way to shop for private health insurance through the new Health Insurance Marketplace



Understanding How the Affordable Care Act Affects You, Your Business, and Your Employees

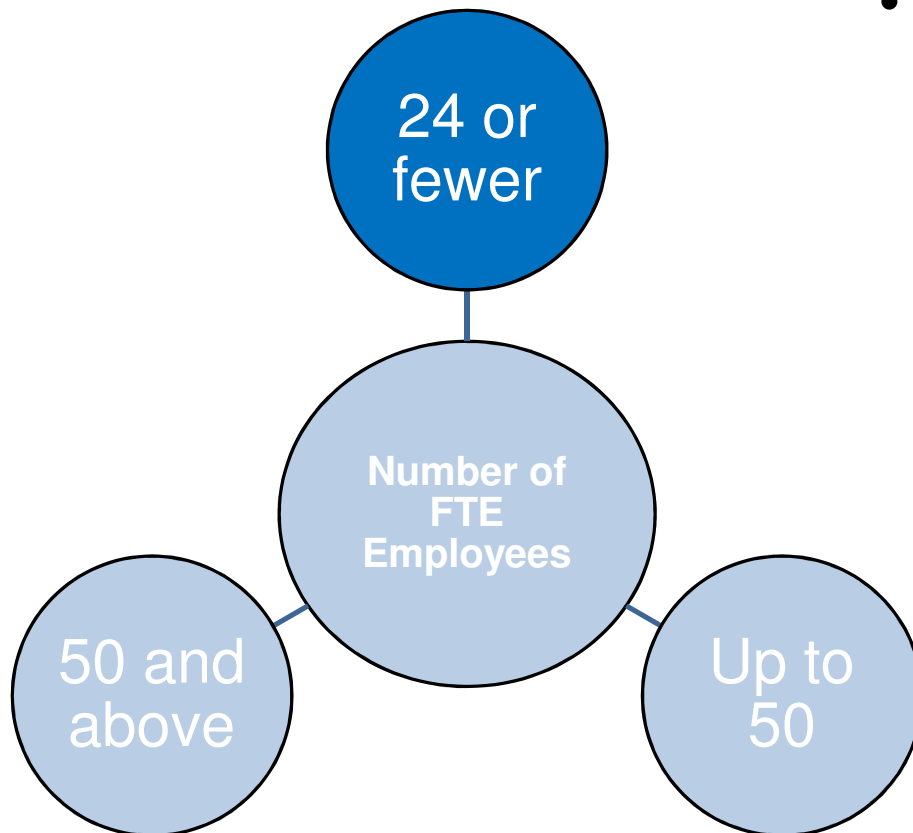
Is my business, or one of my employees, eligible for a tax credit?

Am I, or my employees, eligible to purchase plans through the new Health Insurance Marketplace?

How do I know if I am subject to the employer shared responsibility provisions that take effect in 2015?

What does it mean if I have 50 or more employees and am subject to the employer shared responsibility provisions?

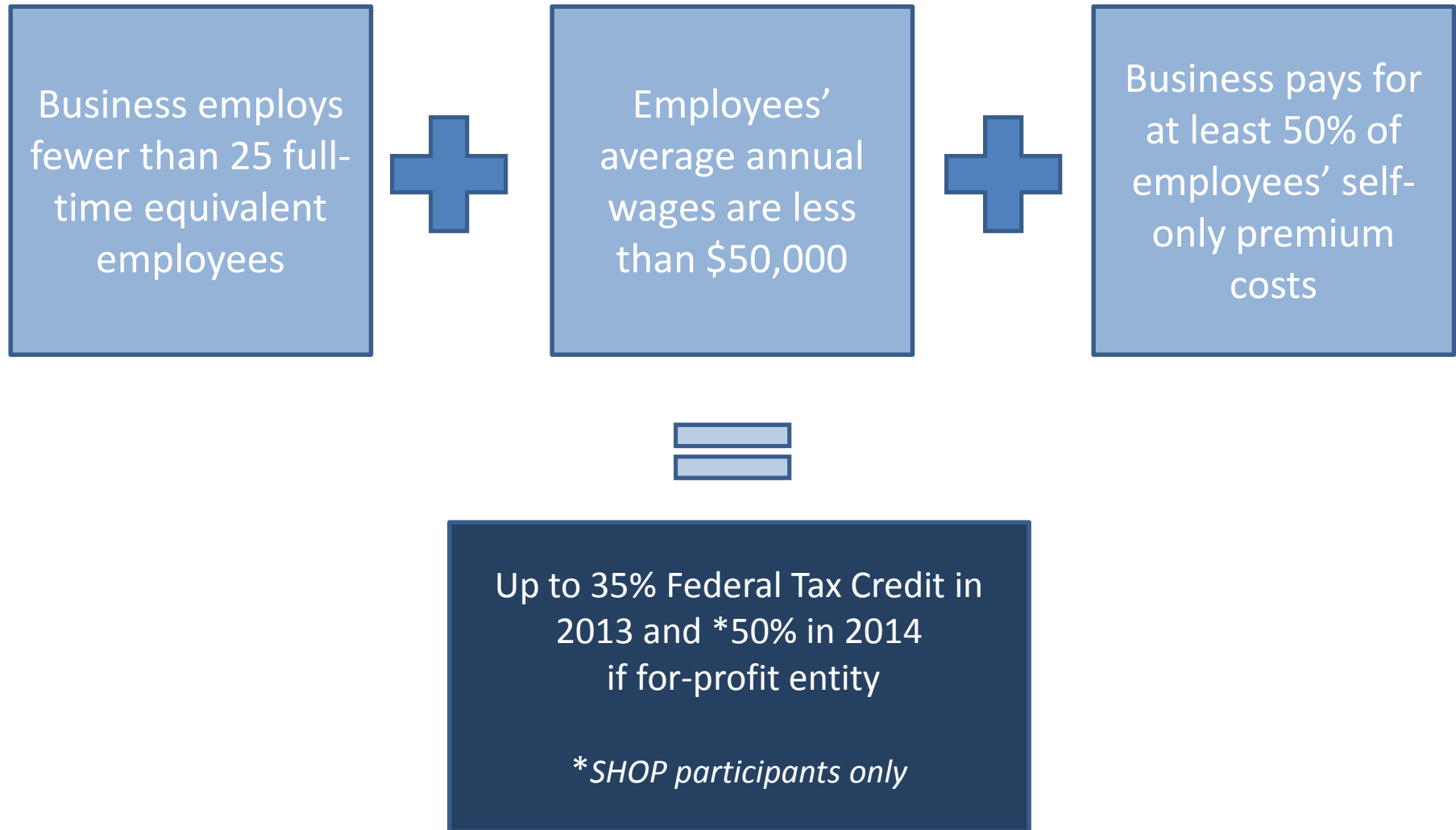
Businesses with 24 or Fewer FTE Employees



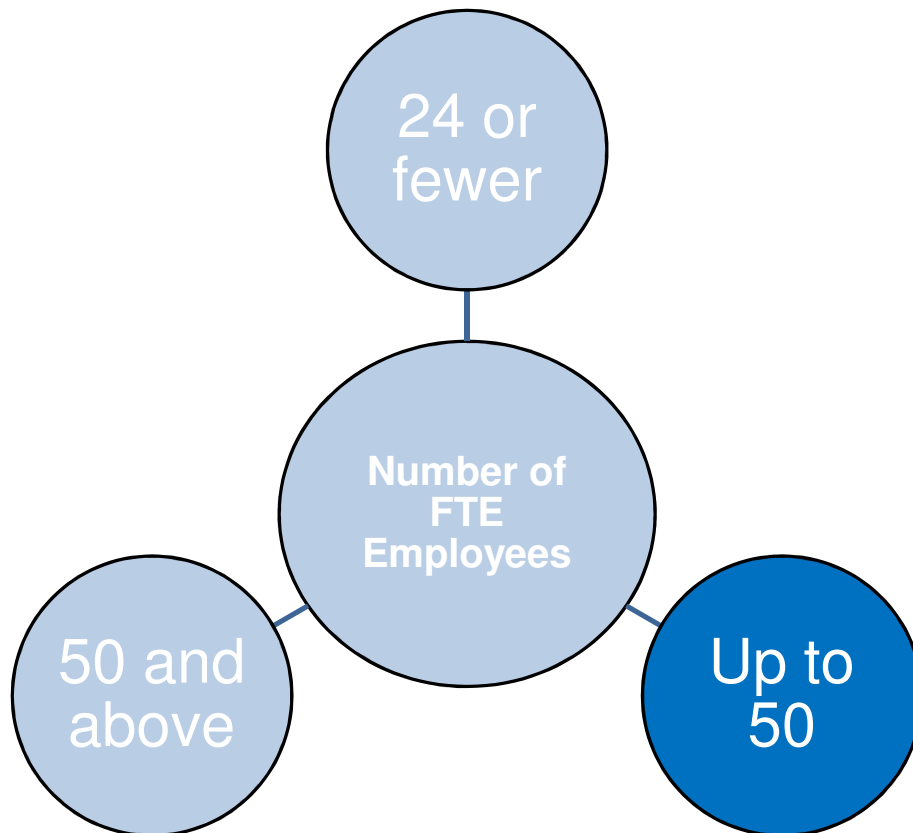
- If these smaller businesses provide coverage, they may qualify for the **Small Business Health Care Tax Credit** to help offset costs:
 - Must have average annual wages below \$50,000; and
 - Contribute 50% or more toward employees' self-only premium costs

Note: The **maximum tax credit** is available to employers with 10 or fewer full-time equivalent employees and average annual wages of less than \$25,000

Small Business Health Care Tax Credit



Businesses with Up to 50 FTE Employees



- If an employer chooses to provide insurance to its employees, explore eligibility for **Small Business Health Care Tax Credits** if size, wage, and coverage requirements met
- Starting January 2014, if a small business of this size chooses to offer coverage, there is a new streamlined way to do so: **Small Business Health Options Program (SHOP)**
- Enhanced SB Health Care Tax Credits available for eligible employers participating in SHOP

More Access to Affordable Care: New Health Insurance Marketplaces

SHOP = Small Business Health Options Program

- Part of the new Health Insurance Marketplaces (sometimes called “Exchanges”)
- Spurs competition for customers based on price and quality, rather than by avoiding risk
- Provides “Essential Health Benefits” -- same level of benefits & services that would be covered in most employer-based plans
 - Most states will use small group health insurance products as benchmark for core package of Essential Health Benefits
- Helps employers better predict and control health insurance expenses
- Will pool risks for small groups and reduce administrative complexity, thereby reducing costs
- Works with new insurance reforms and tax credits to lower barriers to offering health insurance that small employers face

Enrolling in SHOP: Who, When & How

Which small businesses are eligible?

- Businesses with generally 50 or fewer employees (Hawaii might allow businesses with up to 100 employees)
- Starting in 2016, employers with up to 100 employees will be eligible to participate
- Once a business enrolls, it can grow and still remain in SHOP

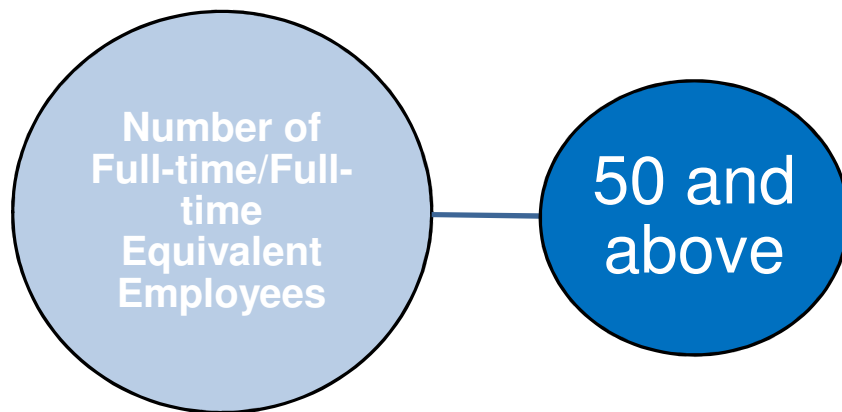
When can businesses enroll?

- Starting October 1, 2013 for coverage beginning January 1, 2014
- Thereafter, throughout the year on a monthly basis

How can businesses enroll?

- Through a broker, OR
- Directly through the SHOP. Visit www.healthcare.gov for more information and to sign-up for alerts

Employer Shared Responsibility Provisions – Effective 2015: How does a business know if it's subject to these rules?



An employer averaging 50 or more full-time (or combo of 50 full-time and full-time equivalent) employees is subject to these rules.

An employer averaging less than 50 full-time or full-time equivalent employees is not subject to these rules -- that's 96% of all firms in the U.S.

Employer Shared Responsibility Provisions



If employer meets 50 full-time/FTE employee threshold, two scenarios for potential shared responsibility payment

- **EITHER**

(1) An employer does not offer coverage to at least 95% of its full-time employees (and their dependents), **OR**

(2) The coverage offered to employer's full-time employees is not "affordable" or does not provide "minimum value"

- **AND**

At least one full-time employee receives a premium tax credit in the individual Marketplace

Which employees could be eligible for premium tax credits to purchase coverage in a Marketplace?

Employees:

- ✓ Whose incomes are between 100% and 400% of federal poverty level [for example, a 3-person family with income between \$19,090 and \$76,360 for 2012] and who enroll in coverage through a Marketplace

AND

- ✓ Who are **not offered** or not eligible for employer-sponsored coverage; OR who are eligible only for employer coverage that is unaffordable or that does not provide minimum value

AND

- ✓ Who are not eligible for coverage through a government-sponsored program like Medicaid or CHIP

Small Business Resources for the Affordable Care Act

www.sba.gov/healthcare

www.Business.USA.gov

www.Healthcare.gov

www.irs.gov/aca



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