

Health Care Reform



Now is the time for Ohio's **Small Businesses** to get help with health care costs

NEW TAX CREDITS STARTED IN 2010

Starting in 2010 the Affordable Care Act provides relief through tax credits for an estimated 3.6 to 4 million small businesses across the country, including an estimated 127,000 in Ohio. Small businesses that currently provide health care for their workers, as well as firms that have chosen to initiate coverage in 2010, will get immediate help with their premium costs.

To qualify for the tax credit, a small business must

- pay at least 50 percent of the full premium and
- have fewer than 25 full time equivalent employees and
- have less than \$50,000 in average annual wages (owner's salary not included).

The full credit—35 percent of the employer share of the premium and 25 percent for non profits—is available for businesses

- with 10 or fewer full time equivalent (FTE) employees and
- \$25,000 or less in average annual wages.

Small businesses can claim the credit through 2013 and for any two years after 2013. For more specific information, contact your own insurance agent.

Jobs Act Tax Break

For federal tax year 2010 only, the Small Business Jobs Act gives self-employed individuals the same tax break as employers and allows deducting the cost of health insurance premiums *before* calculating self-employment tax.

www.nase.org

Coverage for Self-Employed Entrepreneurs with Pre-existing Conditions

Since many sole proprietors purchase health insurance in the individual market, as do business owners who do not provide a group plan, Ohio's new high risk pool will be of great interest. The high risk pool was created in federal law to assist people with pre-existing conditions between 2010 and 2014, when provisions become effective that prohibit insurance companies from excluding those with pre-existing conditions.

An applicant must have been without creditable health insurance for at least six months to qualify, and have an identified pre-existing condition or have been turned down by at least two insurance companies in the past six months due to a medical condition.

The applicants will go on a waiting list when the cap of about 3,500 is reached.

Medical Mutual of Ohio, a nonprofit insurer, is operating the plan. To download an application:

<http://www.ohiohighriskpool.com/>.

You also may call: 877/730-1117

(TTY: 800/982-8109).



...More to Come in 2011 and Beyond

Cafeteria Plans

Changes are coming to make it easier for small employers to offer a “Simple” cafeteria plan, which allows employees access to benefits through pre-tax withholding of payroll salary. With relaxed administrative requirements, employers will find it easier to provide tax-free benefits, including health care coverage. Sole proprietors may establish a Simple plan for their employees. However, for owners/shareholders to participate in a Simple plan, the business must be organized as a C-corporation. <http://www.sbca.net/articles.htm>

Flexible Spending Accounts

Some employers will also find changes coming in 2011 for Health Spending Accounts (HSAs), Flexible Spending Accounts (FSAs), and Archer Medical Savings Accounts (MSAs). These changes are expected to simplify administration requirements, but will also apply some new restrictions. In 2011, coverage of over-the-counter medications will no longer be allowed tax-free, unless prescribed by a physician. In addition, 2011 will bring an increase in the penalties for distributions that are not used for qualified medical expenses. In 2013 there will be new restrictions on contribution limits. www.kff.org/healthreform/sidebyside.cfm

Happy with your current plan?

If you had a group or individual health care coverage plan in place on March 23, 2010, it is considered your “grandfathered plan” and you can keep it in place. But, it may need some modifications. By first plan renewal on or after September 23, 2010

- Coverage must be extended to dependents up to age 26¹, unless the dependent is eligible for other group coverage (applies until 2014);
- Lifetime dollar limits on key health benefits must be eliminated;
- Rescissions (retroactive cancellation) of coverage are prohibited except for fraud or intentional misrepresentation.

In addition, certain requirements apply to maintain grandfathered status. http://www.healthcare.gov/law/provisions/Grandfathered%20Health%20Plans/grandfathered_plans_aca.html

You should ask your insurer if your plan is grandfathered, discuss any plan modifications that are made to comply with the law, and discuss the advantages/disadvantages of keeping your grandfathered plan.

[1] Note that a new Ohio law requires insurance companies to extend coverage of employees' young adult children up to age 28. A comparison of the federal and state laws regarding extending coverage to dependents can be found at <http://www.insurance.ohio.gov/Consumer/Documents/Dependent%20Age%20Coverage%20Expansion%20state%20vs%20federal%20chart.pdf>

Ohio Consumers for Health Coverage is a nonpartisan coalition uniting the diverse consumer voice with the goal of achieving affordable, high quality care for all. Our Leadership Team includes AFSCME Council 8 AFL-CIO, American Cancer Society, Faith Community Alliance of Greater Cincinnati, Legal Aid Society of Southwest Ohio, National Alliance for Mental Illness of Ohio, National Multiple Sclerosis Society Ohio Chapters, Ohio Alliance for Retired Americans, Ohio Council of Churches, Progress Ohio, Service Employees International Union District 1199, Toledo Area Jobs with Justice, United Food and Commercial Workers Local 1059, UHCAN Ohio, We Are The Uninsured, and We Believe Ohio.

For More Information go to www.ohioconsumersforhealth.org or call 614-456-0060, ext. 223. OCHC is staffed by UHCAN Ohio, 370 South 5th Street, Columbus, Ohio 43215.

For additional information on health care reform from a small business perspective, please visit the OCHC small business page at <http://ohioconsumersforhealth.org/content/small-business-page>. You may also contact the Small Business Network on Health Care, which was initiated in 2008 by Ohio Consumers for Health Coverage. The SBNHC seeks to help Ohio small businesses develop a vigorous and independent voice on the business need for guaranteed, equitable, affordable, and high quality health coverage.

The contact person is Thomas Scheid, tscheid@columbus.rr.com, or call 614-599-2406.

*Resources: IRS web site: <http://www.irs.gov/newsroom/article/0,,id=220809,00.html?portlet=6>
Small Business Majority tax credit calculator: www.smallbusinessmajority.com
Ohio Department of Insurance web site: [http://www.insurance.ohio.gov/
www.ohiohighriskpool.com](http://www.insurance.ohio.gov/www.ohiohighriskpool.com)*

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