



Small Businesses Receive Big Benefits with Health Care Reform

For small business owners, there is much to like about health care reform. There are changes in this legislation—significant ones—to help small businesses.

A critical piece of health care reform overall is assistance to millions of small businesses to provide health coverage to their employees. This year, the legislation provides relief through tax credits for an estimated 3.6 to 4 million small businesses across the country, including 147,000 in Ohio. Small businesses that currently provide health care for their workers, as well as firms that choose to initiate coverage, 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 employees with less than a \$50,000 average annual wage. 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 with \$25,000 or less in average annual wage. Small businesses can claim the credit through 2013 and for any two years after 2013. Owners are excluded, and are not counted in number of employees, wages, or premium contribution amount.

To continue receiving the credit after 2013, a company must purchase group coverage through the newly created Exchange. Beginning January 1, 2014, the credit increases to a maximum of 50 percent of the employer share of the premiums.

There will be an Exchange created just for small businesses (Small Business Health Options Program or SHOP). The small group market is defined as employers with 1-100 employees. However, a state may limit small group participation to employers with 50 or fewer workers from 2014 through 2016. Beginning in 2017, all employers with 100 or fewer employees may participate in the Exchange and after 2017 states may allow businesses with more than 100 employees to participate.

Most small businesses are exempt from penalties if they do not provide health insurance. Beginning January 1, 2014, businesses employing more than 50 people will have to pay a 'shared responsibility penalty' if one or more employees receive an individual tax credit for health insurance.

Some in the business community are concerned that the tax credits do not go far enough to offset the high costs of premiums. While the health care reform legislation does not fix all of the concerns of small businesses, it goes a long way in making health coverage accessible and affordable and making Ohio's workforce healthier.

*For more information, contact Ohio Consumers for Health Coverage,
Cathy Levine, co-chair, 614-456-0060 or Col Owens, co-chair, 513-300-3042.*

July 2, 2010