



## The Affordable Care Act

### *“What Small Business Needs To Know”*

Providing health insurance to employees can be both valuable and challenging for small businesses. Generally, small business pays about 18% more for health insurance as compared to larger companies for similar policies. Small business lacks the purchasing power, however, the new health care law will have tax credits and the ability to shop for insurance in a more cost effective manner. The following are key points every small business needs to know:

- 1) If you provide health insurance for fewer than 25 employees with average annual wages below \$ 50,000 you may qualify for a small business tax credit of up to 35% (25% for non-profits) which is an offset to the cost of insurance, thus reducing the overall cost of providing insurance to employees. Beginning in 2014 this small business tax credit increases to 50% (35% for non-profits) for qualifying businesses, reducing costs further.
- 2) Under the health care law, employer based plans that provide insurance to retirees ages 55-64 can get financial assistance through the *“Early Retirement Insurance Program”*. This program is designed to lower the cost of premiums for all employees while reducing employer health care costs.
- 3) In 2014, small businesses with 100 employees or less can shop in the health insurance marketplace in order to take advantage of more competitive rates, similar to those enjoyed by larger companies. Individuals and smaller businesses can purchase affordable health plans with open enrollment beginning October 1, 2013.
- 4) The Marketplace will offer a choice of plans meeting certain benefits and cost standards. As small businesses will be getting their health insurance through the marketplace, members of Congress will obtain their insurance in the same way in 2014.
- 5) Employers with fewer than 50 employees are exempt from new employer responsibility policies. They are not required to pay an assessment if their employees get tax credits through an exchange.

For more information regarding any aspect of health care reform, call the professionals of Human Capital for assistance at: **888-736-9071**