

AFFORDABLE CARE ACT

HOW THE HEALTH CARE LAW BENEFITS SMALL BUSINESSES

- **Provides \$40 billion in tax credits for small businesses to help them offer employee health insurance coverage – if they choose to do so.** The tax credits cover up to 35% of the cost of the coverage – going up to 50% in 2014. These tax credits went into effect in 2010. In 2011, 360,000 small employers used the Small Business Health Care Tax Credit to help them afford health insurance for 2 million workers.
- **The President’s FY 2013 budget has proposed making the tax credit even better.** If enacted, the tax credit would benefit nearly half a million small employers who provide insurance to 4 million workers. Over the next 10 years, the proposal would provide an additional \$14 billion in tax credits. The proposal allows small businesses with up to 50 workers, rather than the current 25, to qualify for the tax credit and also adopts a more generous phase-out schedule.
- **Ensures key Patients’ Rights, which are particularly important for small businesses** that have often only been able to get health plans with large gaps in coverage. For example, the health care law bans insurance companies from placing lifetime limits on coverage, from placing restrictive annual limits on coverage, from dropping people when they get sick, and from denying coverage to children with pre-existing conditions.
- **Provides small businesses access to the same affordable health plans only available to large firms today.** Reform establishes new Health Insurance Exchanges, or competitive marketplaces, where beginning in 2014, small businesses and their employees will be able to purchase affordable coverage. On the Exchanges, small business owners and workers will be able to pool their buying power and do one-stop comparison shopping for affordable plans.
- **Provides small businesses access to quality health plans.** Starting in 2014, affordable plans in the Health Insurance Exchanges will have a guaranteed set of minimum benefits – to eliminate fine print surprises and gaps in coverage that often face those who don’t have the purchasing power of a large group.