ACA 101: Details on the Affordable Care Act’s Impact on Your Florida Small Business

Small Business Majority
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About Small Business Majority

- **Small business advocacy organization** – founded and run by small business owners

- **National** – offices in Washington, DC, Virginia, Ohio, Colorado, Missouri, New York and California

- **Research and advocacy** on issues of top importance to small businesses (<100 employees) and self-employed, including healthcare, taxes, access to capital, clean energy and more

- Very focused on **outreach to and education** of small business owners across the country
Small businesses struggling with costs

- Soaring **cost** of insurance – especially for small businesses – 25% of small business owners are uninsured (2012 Kaiser study)

- 28% **self-employed**: not covered

- Small firms pay **18% more** than large businesses

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**Our national study**: Small business health costs would **more than double** by 2018 to **$2.4 trillion** without reform
The Affordable Care Act

- Builds on existing healthcare system
- Aims to rein in healthcare costs
- Upheld by U.S. Supreme Court
- Implementation primarily the responsibility of the states (small business input essential)
- Some important benefits went into effect immediately
- Others implemented from 2010-2014
Immediate consumer protections

• Insurers will no longer be able to deny coverage for patients with **pre-existing conditions** (2010 for kids, 2014 for adults)

• Ban on **lifetime caps** that set lifetime limits on coverage
  - Already, over 105 million Americans no longer have a limit on lifetime essential health benefits

• **Adult children** under 26 can stay on their parents’ plan (Sept. 23, 2010)
  - As of December 2011, 3.1 million young adults who would have otherwise been uninsured have been able to stay on their parents’ health insurance plans until age 26.
Immediate consumer protections

• Health plans **can’t drop coverage** when someone gets sick, or if a mistake is made on their paperwork

• First-dollar coverage for **preventive care** for all new plans
  • Already, 71 million Americans, including 27 million women, with private health insurance gained preventative service coverage with no cost sharing.

• Increased access to care: **community health centers**
  • 1,200 health centers operating nearly 9,000 service delivery sites have received significant increases in funding to expand operations and facilities to provide more than 21 million patients nationwide increased access to basic health care.
Key provisions for small businesses

- **Immediate tax credits** for most small businesses
- Establishes **competitive marketplace** for small businesses (SHOP) and self-employed (individual)
Small business tax credits

• Available to **businesses with employees**

• **Available now** (took effect tax year 2010)

• Which businesses are eligible?
  
  - Fewer than 25 full-time employees
  - Average annual wages < $50,000
  - Employer pays at least 50% of the premium cost
Small business tax credits

Our report: More than 222,000 Florida small businesses are eligible (71.6% of all businesses); 91,000 eligible for maximum credit

- Small Businesses That Are Eligible for Premium Tax Credits
  - Non-eligible businesses: 4,015,300
  - Eligible businesses: 1,198,700
  - Maximum Premium Tax Credits: 2,816,600
  - Some Tax Credits: 783,000
Small business tax credits

- Tax credits on a **sliding scale**:
  - Up to 35% 2010–13
  - Up to 50% any two years beginning in 2014
- Premium expenses: comprehensive medical coverage, incl. dental, vision, long-term care
- Tax credits **do not** cover premium expenses of owners or their families
- Can amend your taxes for past years
How to claim the small business tax credit

- Small employers (businesses or tax-exempt) use Form 8941, available on www.irs.gov
- Include amount of credit as part of general business credit on income tax returns
- Can be reflected in determining estimated tax payments for a year
- Applies toward income tax, not employment tax
SHOP insurance marketplace

Small Business Health Options Program

- Large marketplace to shop for health coverage in each state
- Private insurance plans compete for your business
- Who? Small Businesses with fewer than 50 full time employees
- Enrollment begins Oct 1, 2013
- Coverage begins January 1, 2014

RAND study: Expand coverage to 85.9% of small business employees (60.4% today); an increase of 10.5 million workers
• One-stop shop web portal

- Compare plans and get detailed information about price, quality and service
- Plans organized by category: bronze, silver, gold, platinum
- Calculator to compare costs across plan options
- Streamlined billing process
Additional Programs

• Wellness programs starting on January 1, 2014
• Medical Loss Ratio – the “80/20 Rule”
• Rate Review by states
Employer shared responsibility
For larger employers - 2015

- Businesses with **fewer than 50 full-time workers** – 96% of all businesses – are **exempt** from any requirement to offer insurance
Many employers are required by the Fair Labor Standards Act (FLSA) to notify employees of coverage options available through the Insurance Marketplace.

Notifications to existing employees must be out by Oct 1, 2013 and all new employees beginning Oct 1 should receive this notice.

Two notices available: one for employers who do offer coverage, one for employers who do not.

www.dol.gov/ebsa/healthreform
Resources for small businesses

**HealthCoverageGuide.org**
- Objective website dedicated to small businesses and healthcare, run by SBM
- Provides step-by-step information on how to navigate healthcare market with ACA taking full effect Jan., 2014
- Includes FAQ about how the ACA impacts small businesses
- Tools such as calculator to estimate tax credits for small businesses

**HealthCare.gov**
- Interactive website dedicated to the ACA, run by HHS
- State specific information on SHOP marketplaces
- Calculators for FTEs, types of coverage, compare your existing coverage
- Create a pre-enrollment checklist
- Oct. 1, 2013 and beyond: buy health insurance right here
Join our network

Contact

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Ways to get involved:

• Receive a monthly newsletter
• Share your story for media requests
• Letters to the editor/Op-eds
• State events/Roundtables
• Fly-ins
• Webinars for business organizations

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