

## Small Businesses and the Affordable Care Act

You know the value of providing health insurance to your employees. But it can be a real challenge for small businesses. On average, small businesses pay about 18% more than large firms for the same health insurance policy. And small businesses lack the purchasing power that larger employers have. The health care law provides tax credits and soon - the ability to shop for insurance in Exchanges that help close this gap.

### Top Things to Know for Small Businesses

- If you have up to 25 employees, pay average annual wages below \$50,000, and provide health insurance, you may qualify for a small business tax credit of up to 35% (up to 25% for non-profits) to offset the cost of your insurance. This will bring down the cost of providing insurance.
- Under the health care law, employer-based plans that provide health insurance to retirees ages 55-64 can now get financial help through the Early Retiree Reinsurance Program. This program is designed to lower the cost of premiums for all employees and reduce employer health costs.
- Starting in 2014, the small business tax credit goes up to 50% (up to 35% for non-profits) for qualifying businesses. This will make the cost of providing insurance even lower.
- In 2014, small businesses with generally fewer than 100 employees can shop in an Affordable Insurance Exchange, which gives you power similar to what large businesses have to get better choices and lower prices. An Exchange is a new marketplace where individuals and small businesses can buy affordable health benefit plans.
- Exchanges will offer a choice of plans that meet certain benefits and cost standards. Starting in 2014, members of Congress will be getting their health care insurance through Exchanges, and you will be able to buy your insurance through Exchanges, too.
- Employers with fewer than 50 employees are exempt from new employer responsibility policies. They don't have to pay an assessment if their employees get tax credits through an Exchange.

*Posted on: July 1, 2010*

*Last Updated: February 10, 2012*