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To learn more about the facts and upcoming benefits of the Affordable Care Act, log on to www.HealthCare.gov. Or follow us on Twitter at [@HealthCareGov](https://twitter.com/HealthCareGov).



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The Affordable Care Act — *What it Means for Your Small Business*

You know the value of providing health insurance to your employees. But it can be a real challenge for small businesses because of the lack of purchasing power and rising health care costs. On average, small businesses pay about 18% more than large businesses for the same health insurance policy.

The Affordable Care Act, passed by Congress and signed into law by the President in March, 2010, helps level the playing field by lowering costs for small businesses and increasing their bargaining power. At the same time, small business owners will have the flexibility to make the choices that are right for their business and their employees.



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The Affordable Care Act —

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New Insurance Industry Reforms

The Affordable Care Act makes it easier for small businesses to provide health benefits to their workers. Many important new protections will apply to plans when you renew or purchase coverage on or after September 23, 2010. The new law:

- Prohibits insurance companies from refusing coverage or limiting benefits for children (up to age 19) because of a pre-existing medical condition. This prohibition applies to all plans offered by employers and when an individual purchases a new policy. In 2014, discriminating against all individuals who have a pre-existing condition will be prohibited.
- Prohibits all insurance plans from putting lifetime caps on the dollar amount that they will spend on benefits. In the past, patients with cancer or other chronic diseases ran the risk of hitting a lifetime cap and losing access to care. The law will also restrict most insurance companies' use of low annual dollar limits on benefits. In 2014, these restrictions on annual limits will be eliminated.
- Prohibits all insurance plans from canceling your coverage because of an unintentional mistake on an application.
- Delivers all of the new consumer protections with minimal impact on premiums – only 1% to 2%. Any impact on premiums will be offset by a number of provisions in the new law that save money for consumers and employers.

No Employer Mandate

The Affordable Care Act does not include an employer mandate. In 2014, as a matter of fairness, the Affordable Care Act requires large employers to pay a shared responsibility fee only if they don't provide affordable coverage, and at least one of their employees is benefiting from premium tax credits. Small businesses that have fewer than 50 employees – 96% of all firms in the United States – are exempted from the employer responsibility requirement.

Improving Affordability through Tax Credits

Small businesses are already seeing relief from high health insurance premiums:

- Starting in 2010, if you have fewer than 25 employees, pay average annual wages below \$50,000, and pay for most of your employees' health coverage, you may qualify for a small business tax credit of up to 35% of health expenses this year, to help offset the costs of covering your employees.
- In 2014, the credit will increase from 35% to 50% of health expenses.

Lower Costs and Increased Coverage

The Affordable Care Act provides new cost savings and increased coverage options for Americans:

- The law creates a new program – the Pre-Existing Condition Insurance Plan – to make health coverage available to you if you are uninsured, have been denied health insurance by insurance companies because of a pre-existing condition, and are otherwise eligible.
- Young adults are able to remain on their parents' health plan until they turn 26 if the plan covers dependent children and if coverage isn't offered to them through their job.
- The law requires insurance companies to publicly disclose and justify unreasonable premium increases.
- In 2011, insurance companies will be required to spend at least 80% of your premium dollars on health care and quality improvements instead of overhead, salaries or administrative expenses – or provide you a rebate.
- In 2014, new tax credits will help middle class families afford health insurance.
- Medicaid will be expanded to Americans with low incomes of up to \$14,000 for an individual or \$29,000 for a family of four in 2010 dollars.

New Consumer Protections

In addition, for new plans purchased on or after September 23, 2010, the law:

- Requires plans to cover recommended preventive services, including mammograms, colonoscopies, immunizations, and well-baby and well-child screenings without charging deductibles, co-payments or co-insurance.
- Guarantees you the choice of available primary care and pediatric doctors in your plan's network of providers. It also assures women the right to see an OB-GYN without having to obtain a referral first.
- Ensures coverage of services provided by an emergency room that is not in your network without prior approval or additional cost to you.

Increasing Bargaining Power through Exchanges

The Affordable Care Act helps small businesses band together to negotiate a fairer deal from insurance companies through the creation of private health insurance markets, called Exchanges, that go into effect in 2014:

- Exchanges will give small businesses with fewer than 50 employees the same purchasing power as large businesses. In 2017, small businesses with fewer than 100 employees will have access to Exchanges.
- Exchanges will offer more choices of high-quality coverage and lower prices. Web sites with standardized, easy-to-understand information will help you compare and purchase plans and reduce the administrative hassles small businesses currently face in offering plans.
- If you can't provide health coverage, your workers and their families will be eligible for their own tax credits to purchase coverage through the Exchange.
- According to an independent study, Exchanges will reduce costs and increase competitive pressure on insurers, driving down premiums by up to 4% for small businesses.

