

**THE PATIENT PROTECTION AND AFFORDABLE CARE ACT**  
**AFFORDABLE CARE FOR SMALL BUSINESSES: INCREASING CHOICE, PROTECTING WORKERS**

Employer-provided health insurance is the American standard and studies show most workers are pleased with what they have. By and large, those workers who are uninsured are self-employed or work for a small businesses unable to offer health benefits. With every passing year of unchecked, unsustainable growth in health care costs system-wide, small business owners find it increasingly difficult to provide their employees quality insurance options. In the last two years alone, estimates show rising health costs and a contracting economy have forced more than half of America's small businesses to reduce health benefits for their workers or drop them altogether.

The Patient Protection and Affordable Care Act would reverse this trend through targeted tax relief determined by the number of employees and average annual wages, an online insurance exchange to build small firm buying power, and by outlawing discriminatory practices that result in revoked coverage and unpredictable, skyrocketing premiums for small businesses.

**Small Business Insurance Exchanges**

The Patient Protection and Affordable Care Act creates insurance exchanges known as Small Business Health Options Programs (SHOP) where small businesses can pool together to spread their financial risk, increase their leverage and enhance their choice of plans and buying power against large insurance firms.

- Small businesses with up to 100 employees could shop for health insurance in SHOP exchanges, which are state-based web portals like the individual market exchanges. However, until 2016, states would have the option to limit the SHOP exchange to businesses with 50 employees or less.
- Businesses could also learn whether they are eligible for tax help to buy employee coverage on the SHOP exchanges.
- Small businesses that prosper and grow beyond the 100 employee limit after enrolling in the SHOP will be allowed to continue shopping in the exchanges.
- Insurance plans sold in SHOP exchanges will be subject to the same transparency requirements and consumer protections as those in individual exchanges to help small businesses provide quality, affordable coverage for their workers.

**Small Business Tax Credits**

Starting in 2011, small businesses will be eligible for Health Care Affordability Tax Credits worth up to 35 percent of their contribution to their employees' health insurance plans. In 2014, when SHOP exchanges are established, tax credits will increase to 50 percent of employers' contributions.

- To qualify for the tax credit, businesses must cover at least 50 percent of employee premium costs.
- Tax credit amounts will be calculated on a sliding scale for small employers with fewer than 25 employees and average annual wages of less than \$40,000 based on number of employees and average annual wages.
- The full credit will be given to employers with ten or fewer workers and average annual wages of less than \$20,000. Charitable organizations that meet the criteria will be eligible to receive tax credits for 35 percent of their contribution.

## **Ending Discriminatory Insurance Industry Practices**

The Patient Protection and Affordable Care Act includes strong insurance company reforms to protect consumers and prevent insurance companies from denying coverage based on pre-existing conditions or increasing premium rates based on health status, gender or industry.

- To ensure transparency and accountability, companies will be required to provide every customer in the individual and small group markets an outline of their coverage, presented in a simple and standard format that does not exceed four pages or contain any print smaller than 12-point font – literally eliminating the fine print.
- In addition to consumer protections, the Patient Protection and Affordable Care Act will improve access to affordable health care by limiting Americans' out-of-pocket costs, like co-pays, and will allow lower-income Americans to renew their coverage without a price increase or premium hike by insurance companies.
- The Patient Protection and Affordable Care Act will give small businesses on a tight budget the relief of predictable premium costs by eliminating health status rating, a practice that allows insurance companies to double or triple premiums from year to year if one employee gets sick.

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