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5 Things Small Businesses Should Know About Health Reform Law

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In the wake of the U.S. Supreme Court's decision upholding the Patient Protection and Affordable Care Act (PPACA), many small businesses, particularly those with little or no administrative staff, have not yet familiarized themselves with the health reform law's requirements. While some form of repeal may be possible, as it stands now PPACA is the law. Small businesses that plan their operations without taking some notice of the PPACA's requirements do so at their own risk. Below, therefore, are 5 things small businesses should know about PPACA.

Thing One: The employer "mandate" begins in 2014 and applies to companies with 50 or more employees

Beginning in 2014, companies with 50 or more employees must either offer affordable health care to its employees or pay a \$2,000 annual fee for any employee after the 30th employee who receives a health exchange premium tax credit.

Thing Two: Tax credits are available for companies with less than 25 full-time employees

As of January 1, 2010, businesses with less than 25 full-time employees (or the equivalent number with part-time employees) became eligible for a tax credit if they cover at least 50% of the cost of health coverage for employees and the average annual wages are below \$50,000. The tax credit is up to 35% of the premiums paid by for-profit companies for coverage (or up to 25% of premiums paid by non-profit companies). In 2014, the maximum tax credit increases to 50% (35% for nonprofit companies). The actual amount of the tax credit depends on the number of employees and the company's average wages, with the fullest credit given to companies with less than 10 employees and average wages below \$25,000.

Thing Three: Pre-existing health conditions will no longer be permitted

On January 1, 2014, insurers will no longer be able to deny coverage or discriminate on premiums paid by employees based on health. Businesses, therefore, will have to prepare for increases in premiums that may result from policies with expanded coverage.

Thing Four: Annual and lifetime limits are not permitted

Lifetime limits on essential health benefits are no longer permitted. Plans are permitted to contain certain "restricted annual limits" on essential health benefits but even those restricted annual limits must be phased out and eliminated entirely by January 1, 2014.

Thing Five: A small business can provide coverage from multiple insurers under a SHOP exchange

PPACA requires states to have in place health exchanges that will make plans available to individuals by January 1, 2014. The law also requires states to offer health exchanges for small businesses - Small Business Health Options Programs (SHOP) - to assist qualified small businesses in enrolling in health insurance plans. Under a SHOP exchange, a small business will be able to offer health insurance coverage from several providers while making one payment to SHOP. States have flexibility in defining a small business as a business with up to 100 employees, and in 2017, SHOP exchanges may permit larger business with over 100 employees to participate. Small businesses, therefore, should inquire into any SHOP exchange to determine if it provides administrative or cost benefits to the company.

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