

How the Affordable Care Act Affects Your Delaware Small Business

June 17, 2013



Welcome!

Today's Agenda:

- Messages of Support from Senator Carper and Congressman Carney
- Introduction of presenters
- Background about the Affordable Care Act
- Basics about the new Health Insurance Marketplace
- What insurance reform means to you as an employer
- What insurance reform means to your employees



Remarks from U.S. Congressman John Carney

“The Affordable Care Act takes steps to address the rising cost of health care while ensuring that more Americans have access to quality coverage.”

—*U.S. Representative
John Carney, Jr.*

“I look forward to working with all of you to implement the law in a way that’s best for Delaware businesses and families.”



The Delaware Perspective



Bettina Riveros

—Advisor to Governor Jack A. Markell and Chair of the Delaware Healthcare Commission



The Delaware Perspective

- Delaware has roughly 106,000 individuals who are uninsured.
- Over the past few years, the uninsured population in Delaware has increased from 9.9% to 11.2%.
- Delawareans spent \$8.1 billion on personal healthcare in 2011.



The Delaware Perspective

- Fewer firms are offering health insurance coverage.
- Premiums for workers in small firms have increased 123% over 10 years nationally.
- Small businesses have a hard time negotiating healthcare—and nationally pay 18% more on average for coverage compared to larger firms.
- ACA gives small businesses the option to compare and purchase health insurance in a competitive marketplace.



Small Business Majority



Rhett Buttle

—*Vice President, External Affairs*
Small Business Majority



What Is The Small Business Majority?

- A national advocacy organization founded and run by small-business owners
- Offices throughout the U.S.
- Research and advocacy issues of top importance to small businesses
- Focused on outreach to and education of small business owners nationally



About The Affordable Care Act (ACA)

- Aims to rein in healthcare costs; reduces deficit by more than \$100B by 2020
- Requires each state have a health insurance marketplace operational in 2014
- Requires each American have health insurance by January 1, 2014, or pay a penalty
- States given a choice to build a state marketplace, partner with the federal government or let the federal government handle the marketplace in totality
 - Delaware chose the partnership option to be fiscally responsible and to retain control



The Delaware Health Insurance Marketplace

- Establishes a competitive marketplace for small businesses and individuals, including those who are self-employed
- Small group and individual plans must accept every employer and individual who applies
- Includes private insurance plans that meet minimum standards on benefits and cost-sharing set forth in regulations
- Run as partnership—by Delaware and U.S. Health and Human Services



How the Marketplace will Work

- At first, information for business owners
- Open enrollment October 1, 2013
- Marketplace Assisters will be available to provide in-person enrollment assistance to your employees (you will be notified when they are available)



Who Is Eligible?

Small-business employers—

You are considered a small business if:

- You have fewer than 50 full-time employees OR the equivalent in part-time workers
- You provide health insurance to your employees



How Is the Number of Employees Calculated?

Employers may choose to count hours in one of three different ways, to maximize the credit and minimize their bookkeeping burden. These include:

- Actual hours of service: Divide the total hours for which the employer pays wages to the employees during a taxable year by 2,080. No more than 2,080 hours (equivalent to a 40-hour workweek) should be counted for any employee.
- Estimate hours based on total days of service.
- Estimate hours based on total weeks of service.



Healthcare Tax Credits for Businesses

Tax credits for small businesses with fewer than 25 employees:

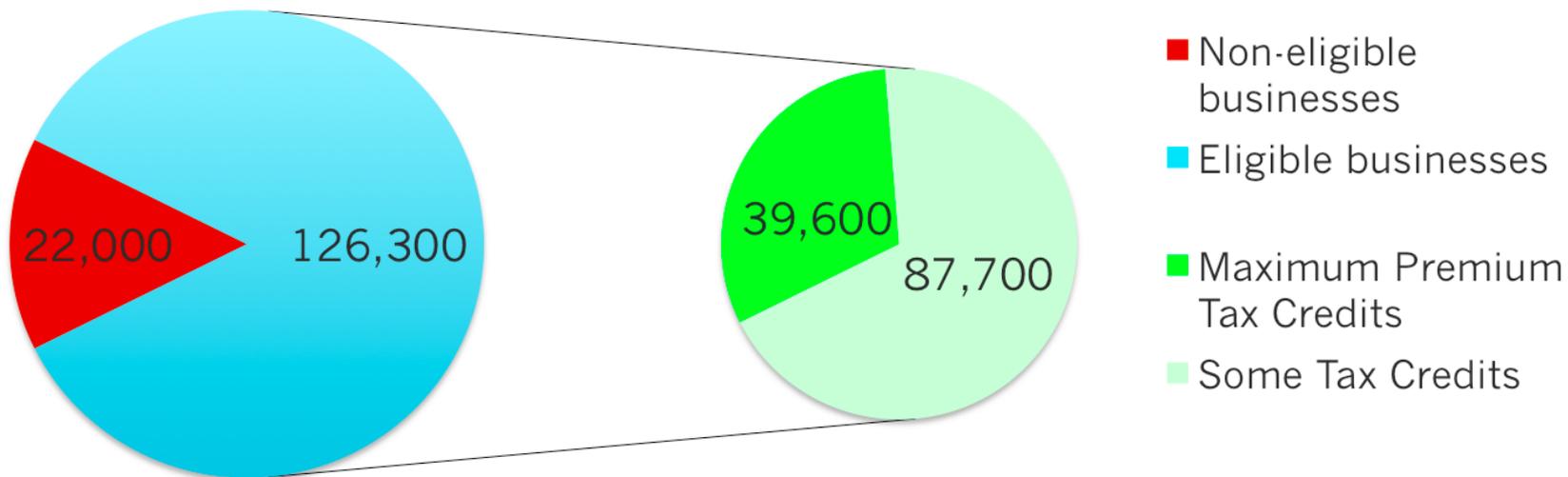
- Up to 35% of your contribution toward the employee's health insurance premium for 2010-2013
- Up to 50% of premium expenses for any two years beginning 2014
- Can be reflected in determining estimated tax payments for a year
- Apply toward income tax, not employment tax

(Tax credits do not cover premium expenses of owners or their families and cannot be claimed by self-employed.)



Delaware Small Businesses Eligible for Tax Credits

Small Businesses That Are Eligible for Premium Tax Credits for 2011



How Is the Number of Employees Calculated?

For Example Downtown Diner:

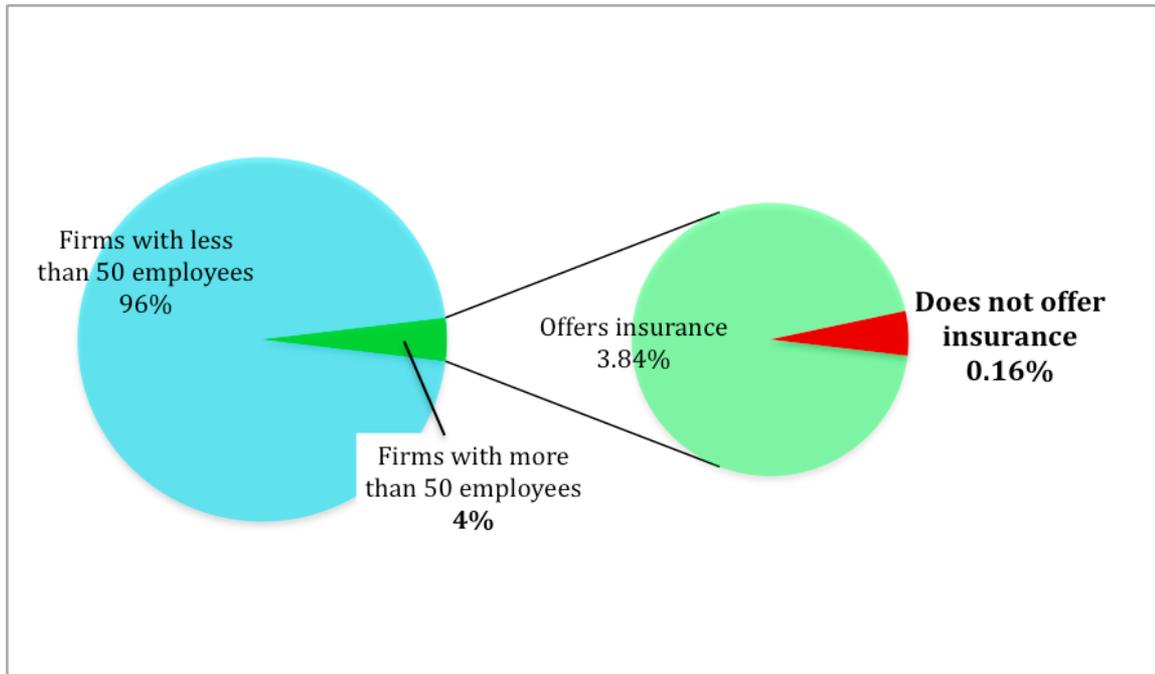
- Workforce: 20 FTE employees (40 PTE)
- Wages: \$500,000 (\$25,000 per employee)
- Healthcare costs: \$240,000 per year
 - 2010-2013: \$28,000 credit (11.7%)
 - 2014: \$40,000 credit (16.7%)

<http://www.smallbusinessmajority.org/tax-credit-calculator/>



Shared and Individual Responsibility

- Businesses with fewer than 50 full-time workers – 96% of all businesses – are exempt from any requirement to offer insurance.



What Happens if Businesses Don't Comply?

- The penalty to businesses who do not provide insurance for their employees is \$2,000 per employee, excluding the first 30 Full-Time Employees.

Example: 50 employees, 20 x \$2,000 = \$40,000.

- Small employers (with 50 or fewer employees) are exempt from a penalty.



What Happens if Individuals Don't Comply?

Penalties for no coverage to the IRS:

- In 2014: \$95
- In 2015: \$325
- In 2016: \$695 or up to 2.5% percent of household income

Exempts individuals with incomes too low to pay taxes or if premiums exceed 8% of income



What This Means to Your Employees

- Guaranteed issuance of insurance
- Bans discrimination based on health status or medical condition
- Bans lifetime caps
- Adult children up to age 26 can stay on their parents' plan
- Requires 80-85% of premiums be spent on healthcare services and healthcare quality improvements
- Grants established for wellness and disease prevention



Wait... There's More!

- Our next Webinar is June 24 from Noon to 1 p.m.
- Tell us what else you would like to know.



Resources

- National HHS website: www.healthcare.gov
- SBM Coverage Guide: *Summer 2013*
- Our website: www.smallbusinessmajority.org
 - “What’s in Healthcare Reform for Small Businesses”
 - Healthcare Policy Page
 - Detailed FAQ
 - Tax credit calculator



Time to answer
questions you just submitted.



Thank you!

