SMALL BUSINESS GUIDE

Millions of small businesses together power the American economy. Duri
economic crisis, these businesses operate close to the margin, or don't su
But their innovation and entrepreneurship put them in the lead in helping
economy recover.

For American small businesses, health care has been an unrelenting heada

- small businesses' **health care costs growing 129%** since 2000,
- workers **paying an average of 18% more for premiums** than those w
  firms, and
- only 45% of America's small businesses can afford to offer health be
  which means **the majority of uninsured Americans are small owne**
  employees, and their families.

But help is on the way.

Health insurance reform means access to affordable and quality health care for America's small businesses--and assistance in providing it. Curbing skyrocketing health care costs and reducing our deficit will also grow our economy for years to come.

WHAT'S IN IT FOR SMALL BUSINESSES?

AFFORDABLE COVERAGE

In 2014, the reform creates **Health Insurance Exchanges, or competitive mar** where small businesses and their employees, the self-employed, and the uni purchase affordable coverage. For the first time, small businesses will be abl buying power and have access to the same quality plans only available to larg

Through the Exchanges, small business owners and workers can do one-stop shopping for an affordable plan that offers:

- lower rates like what big businesses pay,
- stable pricing from year to year,
- lower administrative costs, and
- choice of quality plans for employees.

TAX CREDITS

Health reform provides **$40 billion in tax credits for small businesses to help employee health insurance coverage—if they choose to do so.** More than 6 small employers, or more than 4 million firms, will be eligible for these credit

The tax credit is effective January 1, 2010. Small businesses that provide cov workers will receive immediate help with their premium costs, and additiona initiate coverage this year will get a tax cut as well.

This sliding-scale tax credit is worth up to 35 percent of a small business's pre 2010. On January 1, 2014, this rate increases to 50 percent. Firms can claim 2010 through 2013 and for any two years after that.

To qualify for the tax credit, businesses must have fewer than 25 employees and average annual wages of $50,000 or less—and the full tax credit is available to businesses with 10 or fewer employees and average annual wages of $25,000 or less.

QUALITY COVERAGE

Starting in 2014, affordable plans in Health Insurance Exchanges will have a **g**
of minimum benefits—to eliminate fine print surprises that often face those
have the purchasing power of a large corporation or group. Health insurance
mean:

- no more "pre-existing conditions" for children now, and adults in 2014
- no selective refusals to renew small business coverage,
- no more premium ratings for gender, occupation or previous illness or condition that unfairly drive up costs for some,
- caps on what you pay out-of-pocket, and
- no lifetime or annual caps on what insurance companies will pay for yo

EXEMPTION FROM RESPONSIBILITY TO OFFER COVERAGE

In recognition of the fact that providing employee health coverage is simply u
for many of America's small businesses, the reform **exempts all small firms w**
than 50 employees from the employer responsibility requirements that beg
This means that 96 percent of all firms in the U.S. or 5.8 million out of 6 millio
will be exempt.

Many small firms that do not currently offer coverage will be more likely to d
reform – because of new tax credits, lower premiums, and better choices.

HELP WITH WELLNESS & PREVENTION

Small businesses that want to promote healthy behavior have access to healt
their workers that provide free preventive care.

IMMEDIATE HELP FOR THE UNINSURED

For those small businesses with workers who have been uninsured for severa
denied a policy based on "pre-existing conditions," a high risk pool will imme
insurance, and assistance to help pay the premiums.

ACCESS TO THE BEST DOCTORS

The best doctors in America can see patients--even those who own or work f
businesses in rural areas--through telehealth networks and telehealth resour
established through grants.

BENEFIT FROM SMALL BUSINESS HEALTH CARE TAX CREDIT: THREE

EXAMPLE 1:
AUTO REPAIR SHOP WITH 10 EMPLOYEES GETS $24,500 CREDIT FOR 2

MAIN STREET MECHANIC:

- **Employees**: 10
- **Wages**: $250,000 total, or $25,000 per worker
- **Employee Health Care Costs**: $70,000

2010 Tax Credit: $24,500 (35% credit)
2014 Tax Credit: $35,000 (50% credit)

EXAMPLE 2:
RESTAURANT WITH 40 PART-TIME EMPLOYEES GETS $28,000 CREDIT FO

DOWNTOWN DINER:

- **Employees**: 40 half-time employees (the equivalent of 20 full-time workers)
- **Wages**: $500,000 total, or $25,000 per full-time equivalent worker
- **Employee Health Care Costs**: $240,000

2010 Tax Credit: $28,000 (35% credit with phase-out)
2014 Tax Credit: $40,000 (50% credit with phase-out)

EXAMPLE 3:
FOSTER CARE NON-PROFIT WITH 9 EMPLOYEES GETS $19,000 CREDIT

FIRST STREET FAMILY SERVICES.ORG:

- **Employees**: 9
- **Wages**: $198,000 total, or $22,000 per worker
- **Employee Health Care Costs**: $76,000

2010 Tax Credit: $19,000 (25% credit)
2014 Tax Credit: $26,600 (35% credit)