U.S. Small Business Administration

PRESS OFFICE

Fact Sheet

Affordable Care Act Milestones for America's Small Businesses

2010 - The Affordable Care Act Becomes Law

- Many small businesses become eligible for a tax credit worth up to 35% of the employer's contribution to the employees' health insurance (up to 25% for tax-exempts) to help them provide insurance benefits.

- A new Patient's Bill of Rights goes into effect, addressing the worst abuses of the insurance industry.

2011 - The Affordable Care Act Holds Insurance Companies Accountable

- To ensure premium dollars are spent primarily on medical care, the law's "80/20" rule requires that at least 80% of premium dollars collected by insurance companies must be spent on benefits and quality improvement.

- Another tough reform requires insurance companies to publicly justify premium rate increases of 10% or more, holding insurers accountable to the small businesses they serve, which has led to a sharp decline in double-digit rate hikes. To date, these two protections alone have already saved small businesses and consumers more than $2 billion.

2012 - The Affordable Care Act Reduces Administrative Costs and Burdens

- The law institutes a series of changes to cut costs and improve care by standardizing billing and requiring health plans to begin implementing rules for the secure, confidential, electronic exchange of health information.

2013 - Open Enrollment in the Marketplaces Begins

- As of October 1st, individuals and small businesses can buy affordable benefit plans by enrolling in the new Health Insurance Marketplaces. For the first time, individuals and business owners are able to make side-by-side comparisons to find a plan that fits their budget and that's right for their families, businesses, and employees.

- Effective October 1st, employers covered by the Fair Labor Standards Act (generally, those firms that have at least one employee and at least $500,000 in annual dollar volume of business), must provide notification to all current and newly-hired employees about the Marketplace, including eligibility for premium tax credits if they purchase coverage through the Marketplace.

2014 – Insurance Plans Bought on the Marketplaces Begin Coverage

- Coverage through the individual and Small Business Health Options Program (SHOP) Marketplace began on January 1st. Eligible small employers participating in SHOP may qualify for a tax credit of up to 50% of premium contributions (35% for tax-exempt employers).

- Effective January 1, self-employed business owners and other individuals must have basic health insurance, qualify for an exemption, or be subject to an individual shared responsibility payment.

2015 – Employer Shared Responsibility

- Effective January 1, 2015, employers with <u>100 or more</u> <u>full-time/full-time equivalent (FTE) employees</u> must either offer affordable coverage that provides minimum value to all full-time employees or be subject to a potential shared responsibility payment. In 2016 and beyond, employers with <u>50 or more</u> full-time/FTE employees will be subject to these requirements.

- New information reporting by insurers, self-insuring employers, and other parties that provide health coverage takes effect on January 1st. The law also requires all employers subject to the employer shared responsibility provisions to begin reporting on the health coverage they offer to their full-time employees. First reports are due in early 2016.

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