U.S. Small Business Administration

PRESS OFFICE

Fact Sheet

America's Small Businesses and the Affordable Care Act: Myth vs. Fact

- **Myth: All employers are required to buy health insurance for their employees under the Affordable Care Act.**
- **Fact**: The Affordable Care Act does **not** require businesses to provide health insurance to their employees.
  - Starting in 2015, businesses with 50 or more full-time or full-time equivalent employees that do not provide coverage to their full-time employees may be subject to an Employer Shared Responsibility payment.
  - However, 96 percent of America's businesses are too small to be subject to these rules.

- **Myth: Since my state hasn't set up its own health exchange, the Affordable Care Act doesn't apply to me.**
- **Fact**: **Every state** will have an affordable insurance Marketplace (commonly known as an Exchange) for self-employed individuals and small businesses, opening for enrollment on October 1, 2013.
  - Depending on where you live, the Marketplace will be operated by either your state or the federal government, or through a partnership with the state and the federal government.
  - Regardless of location, insurance plans in the Marketplace are offered by private companies, and all plans offered will cover the same core set of benefits called Essential Health Benefits. No plan can turn you away or charge you more because you or your employees have an illness or medical condition.
  - For more information about the Marketplace for small employers, known as the Small Business Health Care Option Program (SHOP), call 1-800-706-7893 (TTY users: 1-800-706-7915), Monday through Friday, 9 a.m. to 5 p.m. EST.

- **Myth: HHS is eliminating employee choice in the Small Business Health Care Option Program (SHOP) marketplaces.**
- **Fact:** When the Marketplaces open on January 1, 2014, employers in all states will have a range of insurance plans to choose from.
  - During 2014, in the non State-based Marketplaces, employers will select just a single plan to offer to their employees.
  - In states like California in 2014, and in all states starting in 2015, employers will be able to choose a variety of plans to offer to their employees.

- **Myth: The Affordable Care Act is causing health insurance rates to rise**
- Fact: The Affordable Care Act contains a number of provisions that help to slow the growth of health care costs.
  - Under the Affordable Care Act, insurance companies must publicly disclose and justify premium rate hikes of 10% or more. Starting in 2014, insurers will have to justify every proposed rate increase, even if it's a 1% bump.
  - Tough new rules also make sure insurance companies are spending at least 80% of consumer premiums on actual medical care, not salaries and administrative cost.
  - As states like California are beginning to show, the competition fostered in the Marketplace under the Affordable Care Act is helping to drive down rates for health insurance plans.

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