

AFFORDABLE CARE ACT

March 2014

HOW THE HEALTH CARE LAW BENEFITS SMALL BUSINESSES

- **Provides small businesses access to quality, affordable health plans.** The health care law establishes SHOPs (Small Business Health Options Programs) in every state, where small businesses can buy affordable coverage for their employees. In 2014, in the Federally Facilitated SHOPs, small businesses can enroll their employees in qualified health plan coverage in the SHOPs with the help of an agent, broker, or insurer.
- **Provides small businesses access to quality health plans.** Affordable plans in the SHOPs have a guaranteed set of minimum benefits – to eliminate fine print surprises and gaps in coverage that in the past have often faced those that don't have the purchasing power of a large group.
- **Ensures key Patients' Rights, which are particularly important for small businesses** that have often only been able to get health plans with large gaps in coverage. For example, the health care law bans insurance companies from placing lifetime limits on coverage and from placing restrictive annual limits on coverage.
- **Provides tax credits for eligible small businesses to help them offer employee health insurance coverage – if they choose to do so.** The tax credits cover up to 50% of the cost of the coverage, for businesses with up to 25 employees. In order for a small business to qualify for the tax credits, the business must purchase a SHOP health plan for their employees. 360,000 small employers have used the Small Business Health Care Tax Credit to help them afford health insurance for 2 million workers.
- **The President has proposed making the tax credit even better.** If enacted, the tax credit under the President's proposal would benefit nearly half a million small employers who provide insurance to 4 million workers. The proposal allows small businesses with up to 50 workers, rather than the current 25, to qualify for the tax credit and also adopts a more generous phase-out schedule.