HEALTH CARE REFORM FOR SMALL BUSINESS

Small businesses are a vital part of Vermont's economy. In fact, there are nearly 19,000 small businesses in Vermont. Unfortunately, small business owners in Vermont and across the country have struggled under the rising cost of insuring their employees and have too often been faced with the decision to either lay-off employees or stop offering health insurance. Rising health care costs are hitting small businesses especially hard, putting them at an even greater disadvantage against larger corporations.

What Health Care Reform Means for Small Businesses:

Lower taxes for Small Businesses

- Health insurance reform will introduce a tax credit for small businesses to help them offer coverage to their employees. **Beginning immediately**, to help small businesses bridge the current affordability gap in providing health insurance for their employees, a bridge tax credit is available to small businesses with 25 or fewer employees with average annual wages of $50,000 or less to help more small businesses provide health insurance. The full credit provides up to 35% of a qualifying small business employer's contribution to employee health care costs.

Lower Premiums and Administrative Costs for Small Businesses

- Small businesses pay three times as much as large businesses for administrative costs for health insurance and an average of 18 percent more in health insurance premiums. **As early as this year**, states may open exchanges for individuals and/or small businesses to enroll employees into the individual and/or small group market. Eligible businesses include those with 100 or less employees (or 50 or less employees at state option). Exchanges will significantly reduce administrative costs by reforming the health insurance market, which will enable small businesses to easily and simply compare the prices, benefits, and performance of health plans.

No Employer Mandate for Small businesses

- In 2014 the shared responsibility requirement will begin. This provision requires employers with 50 or more employees who DO NOT offer coverage, and has an employee who receives a tax credit to buy coverage on the exchange, to pay an employer responsibility share. According to the Small Business Administration, currently 96% of small businesses have less than 50 employees. These small businesses would not be subjected to fines under the Patient Protection and Affordable Care Act. According to the Medical Expenditure Panel Survey, approximately 96.5% of firms with more than 50 employees offered health insurance in 2008.

Save Small Business Jobs

- A report from the Small Business Majority highlights that without reform, 178,000 small business jobs will be lost in 2018 as a result of rising health care costs. With health insurance reform, small businesses could save as much as $855 billion over 10 years, or nearly 36 percent – savings that can be reinvested in the business and used to create new jobs across the country and in Vermont.

Increase access to Wellness and Prevention

- The Patient Protection and Affordable Care Act will authorize grants to help small business employees access comprehensive workplace wellness programs.

Fewer Sick Days

- Health insurance reform will require insurance companies to provide free preventative care so businesses do not suffer productivity costs because of sick employees.