



NATIONAL HEALTH CARE REFORM: Providing Relief to Maine Small Businesses

The new law provides tax credits for small businesses NOW.

- **Effective immediately, the law provides tax credits to small businesses to make employee health coverage more affordable.** If an employer contributes at least half of their employees' premium costs they may be eligible for these credits. The credits are offered on a sliding scale based on number of employees and amount of wages and cover up to 35% of premiums that employers pay for their employees' health insurance.
- Employers with 25 or fewer employees with average annual wages of less than \$50,000 per employee are eligible for the tax credits.
- **The largest credit of 35% is for the smallest businesses (10 or fewer employees) with low-wage workers (annual wages of \$25,000 or less per employee).** The subsidies shrink as companies' workforces and average wages rise. For example, an auto repair shop with 10 employees with wages of \$250,000 total, or \$25,000 per worker, who spends \$70,000 toward employees' health care costs would receive a credit in 2010 of \$24,500 (35% of the cost of their premiums).¹
- This **interactive calculator** from the Small Business Majority provides businesses with a formula to determine eligibility: <http://smallbusinessmajority.org/tax-credit-calculator/>.

The new law will help many of Maine's small businesses.

- **Nearly 80% of Maine businesses have fewer than 10 employees and therefore will benefit from the largest tax credits.**² In 2008, more than one-third (36.4%) of Maine businesses with fewer than ten employees offered insurance.³ The law may enable more of these businesses to offer coverage.
- In Maine, 23,000 small businesses and 359,000 families could get assistance to help buy coverage.⁴
- **Employers with fewer than 50 employees are not required to offer health coverage to workers.** The legislation only requires large employers (more than 50 employees) to offer health coverage.
- **In Maine, 99.6% of businesses with more than 50 employees already offer coverage.**⁵ Therefore, only a very small percentage of Maine's businesses would actually be subject to the employer requirement to provide health coverage to workers.

The new law allows small businesses to enter a new 'Health Insurance Exchange'.

- **Beginning in 2014** small businesses will be able to buy insurance through the **Small Business Health Plan Options Program (SHOP) Exchange**, a marketplace of insurers that help individuals and businesses access affordable insurance. Through the SHOP Exchange, small business owners and their workers can do one-stop comparison shopping for an affordable plan that offers:
 - lower rates like what larger businesses pay,

- stable pricing from year to year,
 - lower administrative costs, and
 - choice of quality plans for employees.
- Participation in the Exchange is available to businesses with up to 100 employees.
 - **There are 41,300 businesses in Maine which could benefit from the SHOP Exchange.**⁶ States will be permitted to allow businesses with more than 100 employees to purchase coverage in SHOP Exchanges beginning in 2017.
 - **Businesses who purchase coverage through the Exchange will receive tax credits of up to 50% of the employer contribution,** if the employer provides at least half of employees' premium cost.
 - **Competition and participation in the Exchange will drive down costs for small business owners,** who currently pay about 18% more for health insurance coverage than large employers.⁷

The new law will help contain spiraling health care costs in Maine.

- **Incentives for purchasing private insurance and expansions to public insurance will reduce the number of uninsured Mainers; therefore, reducing costs for everyone.** When people have access to lower costing preventive and maintenance care more expensive emergency care is often avoided. By insuring more people, costs for those currently insured should go down.⁸
- The following measures will allow more uninsured Mainers to gain access to the care they need, which should **lower the state's uninsured rate:**
 - The law expands Medicaid to cover more low-income adults.
 - Individuals who purchase private insurance will be eligible for tax credits to help them offset unaffordable premiums.
 - Dependents are eligible to remain on their parents' insurance until age 26.
 - Pre-existing conditions exclusions will be prohibited by 2014.
- **The new law will end price discrimination** by prohibiting insurers from charging more to businesses with sicker workers or increasing rates when someone gets sick or injured.

¹ Office of Speaker Nancy Pelosi,, "Affordable Health Care for America: Small Business Guide," Mar. 25, 2010
 *Unless otherwise specified, information about the new health care reform legislation may be found in "Affordable Health Care for America, H.R. 4872, The Health Care & Education Affordability Reconciliation Act of 2010: Implementation Timeline," U.S. House of Representatives Committees on Ways & Means, Energy & Commerce, and Education & Labor, Mar. 18, 2010 and Kaiser Family Foundation, *Focus on Health Reform: Side by Side Comparison of Major Health Care Reform Proposals*, Mar. 22, 2010.

² Maine Department of Labor, 2009.

³ USA, *Health Coverage in Maine: How Will Health Reform Help?* Mar. 2010, p. 3. Available at <http://www.familiesusa.org/assets/pdfs/health-reform/state-gains-2010/maine.pdf> Accessed Mar. 26, 2010.

⁴ Small Business Majority, "Healthcare Reform Will Help Maine's Small Businesses, 2009"; "The Benefits of Health Care Reform In the 1st Congressional District of Maine" and "The Benefits of Health Care Reform In the 2nd Congressional District of Maine," U.S. House of Representatives Committee on Energy & Commerce, Mar. 2010.

⁵ Ibid, p. 3.

⁶ Ibid, p. 2.

⁷ Small Business Majority, "What's In Healthcare Reform for Small Business?" Mar. 26, 2010.

⁸ Ibid, p. 2.