



## Your Bottom Line: What the Affordable Care Act Means for Your Small Business

### ICNC Lunch and Learn

Geri Sanchez Aglipay  
Outreach Manager  
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Small Business Majority

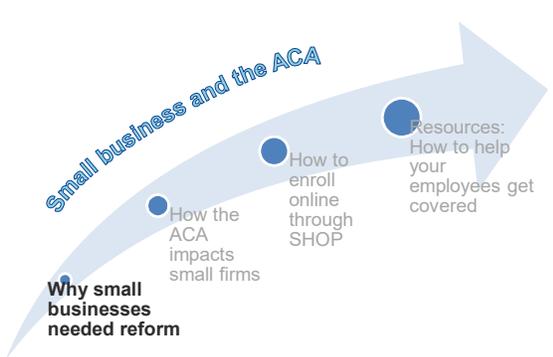


### About Small Business Majority

- **Small business education and advocacy organization** – founded and run by small business owners. Been in business nine years.
- **National** – 14 offices in Washington, D.C., California, Colorado, Illinois, Maryland, Michigan, Missouri, New Jersey, New York, Ohio, Oregon, Virginia and Washington state
- **Focus on issues of top importance to small businesses** (<100 employees) and the self-employed, including access to capital, workforce, healthcare, retirement, taxes, technology and energy savings.
- Work supported by extensive **research**



### In this presentation



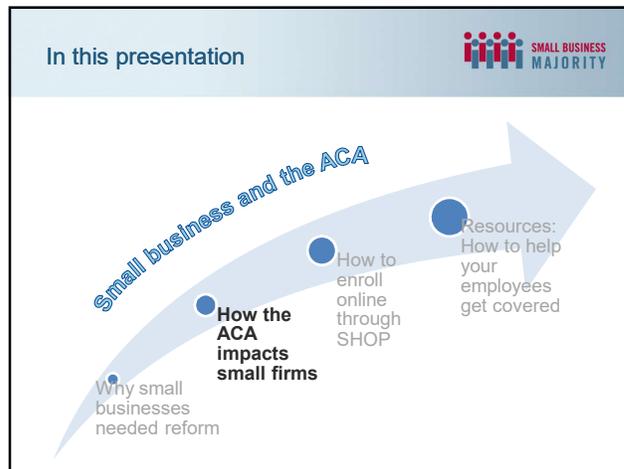
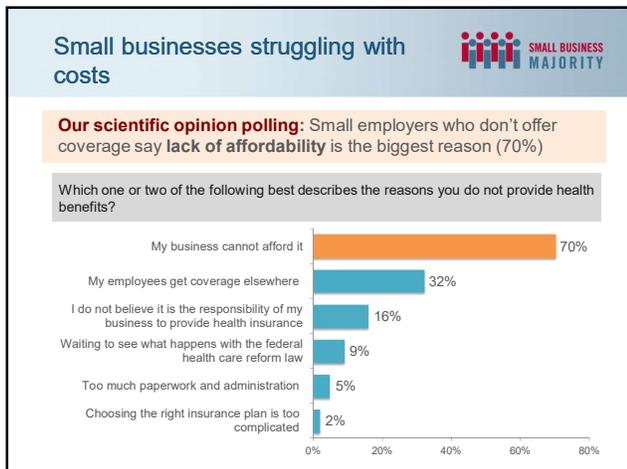
- Why small businesses needed reform
- How the ACA impacts small firms
- How to enroll online through SHOP
- Resources: How to help your employees get covered



### Small businesses struggling with costs

- Soaring **cost** of health insurance – especially for small businesses – 54% of businesses <10 employees don't offer (*Kaiser study*)
- 28% **self-employed**: not covered
- Small firms pay **18% more** than large businesses

**Our national study:** Small business health costs would **more than double** by 2018 to **\$2.4 trillion** without healthcare reform



- ### Immediate consumer protections
- 
- Insurers will no longer be able to deny coverage for patients with **pre-existing conditions** (2010 for kids, 2014 for adults)
  - Ban on **lifetime caps** that set lifetime limits on coverage
  - **Adult children** under 26 can stay on their parents' plan (Sept. 23, 2010)
- 

- ### Marketplace Model notice
- 
- Most employers must distribute notice by October 1 that Marketplaces are open, per Department of Labor regulation.
  - Inform employees notice:
    1. About the Health Insurance Marketplace
    2. They may be able to get lower costs on private insurance in the Marketplace
    3. If they buy insurance through the Marketplace, they may lose the employer contribution (if any) to their health benefits
- Questions:
- How do I know what to say?
  - Where do I get a copy?
  - If I don't offer coverage, what if my employees have questions? **Get Covered Illinois.**

### State health insurance marketplaces



- Small business workers and self-employed receive **affordability tax credits**
- Ensure **more \$\$ to medical care** – reduced administrative costs
- Incentives for **administrative efficiency and modernization**
- **Reduce hidden tax**



### Helping keep costs low: Individuals & self-employed



Most eligible for some financial assistance, if purchase through individual marketplace

- Financial assistance on sliding scale (household income 100% to 400% of Federal Poverty Level)
- Some low-income families eligible for cost sharing reductions
- Marketplace will calculate eligibility and manage the premium adjustments
- Marketplace's streamlined application calculates eligibility for advance premium tax credits, Medicaid, Medicare or CHP+ during application process



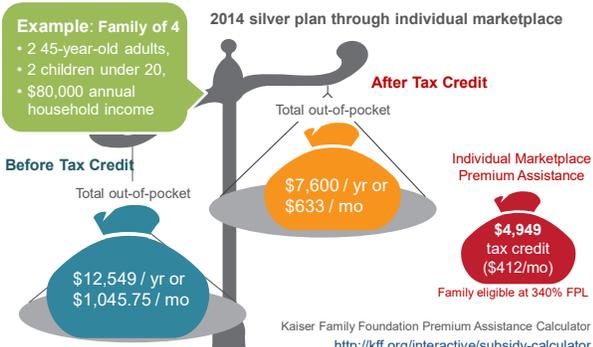
### Helping keep costs low: Individuals & self-employed



**Example: Family of 4**

- 2 45-year-old adults,
- 2 children under 20,
- \$80,000 annual household income

**2014 silver plan through individual marketplace**



**Before Tax Credit**  
Total out-of-pocket  
\$12,549 / yr or \$1,045.75 / mo

**After Tax Credit**  
Total out-of-pocket  
\$7,600 / yr or \$633 / mo

**\$4,949 tax credit (\$412/mo)**  
Individual Marketplace Premium Assistance  
Family eligible at 340% FPL

Kaiser Family Foundation Premium Assistance Calculator  
<http://kff.org/interactive/subsidy-calculator>

### Individual marketplace



- Self-employed or small employers unable to offer insurance can help themselves, or their employees, enroll in the **individual marketplace**
- Open enrollment in the individual marketplace for 2016 begins **Nov. 1, 2015 through Jan. 31, 2016**
- For more information, employers and their employees can visit the Marketplace **[www.Healthcare.gov](http://www.Healthcare.gov)**



### Want to help your employees get covered?



- Employees often look to their employers about healthcare options, *whether or not that business offers coverage*.
- Message on importance of health insurance strengthened via employer.
- Small Business Majority can help schedule a **licensed Navigator** to come educate employees and arrange times to provide **free enrollment assistance** for individual and family coverage.



### Exercise



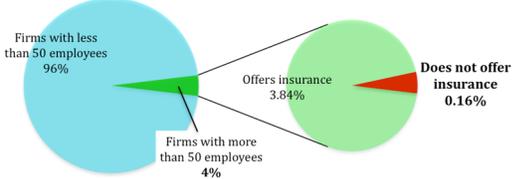
- **Q. True or False.** Most employers subject to Fair Labor Standards Act must notify employees about the Marketplace.  
✓ **Answer: True**
- **Q. Choose one.** Besides the Marketplace at [www.healthcare.gov](http://www.healthcare.gov), what is the recommended resource for both the self-employed and employers to refer employees for free enrollment help on the Marketplace, Medicaid, and other coverage questions?
  - A. U.S. Department of Labor at [www.dol.gov](http://www.dol.gov)
  - B. Illinois Department of Human Services at [www.dhs.state.il.us](http://www.dhs.state.il.us)
  - C. Get Covered Illinois at [www.getcoveredillinois.gov](http://www.getcoveredillinois.gov)

✓ **Answer: "C" – Get Covered Illinois at [www.getcoveredillinois.gov](http://www.getcoveredillinois.gov)**

### Employer shared responsibility



- Businesses with **fewer than 50 full-time workers – 96% of all businesses** – are **exempt** from any requirement to offer insurance
- Businesses with 50-99 employees required to offer in **2016**
- Businesses with more than 100 employees required to provide insurance to 70% of employees in 2015, 95% in 2016 and beyond



Category	Percentage
Firms with less than 50 employees	96%
Firms with more than 50 employees	4%
Offers insurance (within >50 employees)	3.84%
Does not offer insurance (within >50 employees)	0.16%

### Shared responsibility: For larger employers



- Beginning January 1, 2016, employers with 51-99 employees
- Potential requirements for larger employers (those with more than 50 employees):
  - **Failing to offer coverage**- \$2,000 for each full-time employee per year, excluding the first 30 full-time employees
  - **Failing to offer affordable coverage that provides minimum value**- \$3,000 per year for each full-time employee receiving federal financial assistance in marketplace
- What does it mean to be affordable and meet minimum value?
- Affordability penalty cannot exceed that of failing to offer coverage. Business will pay lesser of the two

## SHOP insurance marketplace

Small Business Health Options Program



- Idea is to create a large **marketplace** to shop for health coverage in each state
- **Private** insurance plans **compete** for your business
- Who? Small businesses with fewer than 50 full-time employees
- Group insurance enrollment never closes, any change must be made by 15<sup>th</sup> of the month to be effective the 1<sup>st</sup> of the following month



**RAND study:** Expand coverage to **85.9%** of small business employees (60.4% today); an increase of **10.5 million workers**

## Small business tax credits



- Available to **businesses with employees**
- Took effect **immediately** (tax year 2010)
- Which businesses are eligible?
  - Fewer than 25 full-time employees
  - Average annual wages <\$50,000
  - Employer pays at least 50% of the premium cost

## Small business tax credits



- More than 2 in 5 small business owners who qualify for the credit are eligible for the maximum
- **19.3 million employees** work for businesses that can benefit from this credit
- Total value of the credit for tax year 2011: **\$15.4B**
  - *An average of \$800 in savings per employee*
- Tax credit is good for two years through SHOP

## How to claim the small business tax credit



- Small employers (businesses or tax-exempt) will use new [Form 8941](#), available on [www.irs.gov](http://www.irs.gov)
- Small businesses will include the amount of the credit as part of the general business credit on their income tax returns
- The credit applies towards income tax, not employment tax
- The credit can be reflected in determining estimated tax payments for a year



**In this presentation**



*Small business and the ACA*

- Why small businesses need reform
- How the ACA impacts small firms
- How to enroll online through SHOP**
- Resources: How to help your employees get covered

**Minimum participation: 70%**



Total # of employees

↓

Subtract # waiving with other health coverage (spousal, parent, Medicaid)

↓

Remainder is the baseline for the participation ratio: must have 70% of this number accept offer

**Minimum participation: 70%**



Total Employees	12
Subtract those with coverage elsewhere	2
Total uninsured: for participation calculation	10
Requirement: 70% of uninsured must accept	7 must accept offer

**SHOP in November 2015**



- SHOP enrollment is year round
  - Open enrollment is November 15 to December 15. No minimum participation of employees to enroll this period
- Employers will be able to browse plans and pricing online
- Enroll themselves and their employees online
- Offer Medical and Dental Options
- Begin planning offers for 2016 Coverage
- Identify a Broker or Navigator to assist them

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**SHOP 2016 Updates** 

- Beginning January 1, 2016, SHOP will be available to small employers with 1 to 100 full-time-equivalent employees.
- Shared responsibility for employers with 51-99 employees is beginning January 1, 2016.

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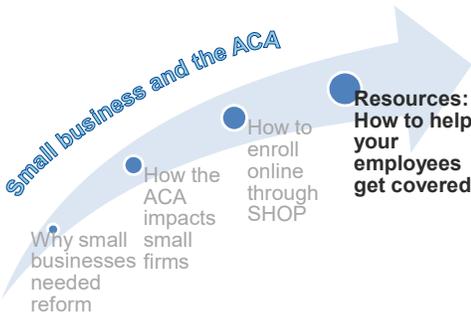
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**Need help getting your small business covered? SHOP: Small Business Health Options Program**



- Small Business Majority partners with IL state *Get Covered Illinois* to help you find a **certified-SHOP insurance broker in your area**.
- We can help identify certified-SHOP brokers who can help with the enrollment process.
- SHOP-certified brokers have specific "SHOP training" and certification.



**Want to help your employees get covered?**



- Employees often look to their employers about healthcare options, *whether or not that business offers coverage*.
- Message on importance of health insurance strengthened via employer.
- Small Business Majority can help schedule a **certified counselor** to provide free help for employees and to educate and enroll employees in a health plan that meets their needs.



**Resources**



- [www.smallbusinessmajority.org](http://www.smallbusinessmajority.org)
- [www.healthcoverageguide.org](http://www.healthcoverageguide.org)
- [www.espanol.healthcoverageguide.org/](http://www.espanol.healthcoverageguide.org/)
  - "What's in Healthcare Reform for Small Businesses"
  - Detailed FAQ
  - Tax credit calculator



**Join Small Business Majority Network**



**Contact**

- **Geri Aglipay**
  - Email: [gaglipay@smallbusinessmajority.org](mailto:gaglipay@smallbusinessmajority.org)
  - Direct: 312-487-1899

**Ways to Get Involved**

- **SIGN-IN SHEET**
- Get monthly newsletter
- Share your story for media requests
- Letters to the editor/Op-eds
- State events/Roundtables
- Fly-ins
- Webinars and educational presentations for business organizations
- Social media

**Connect with us!**

 @SmlBizMajority  
 Small Business Majority

Questions?



Small Business Majority  
[www.smallbusinessmajority.org](http://www.smallbusinessmajority.org)

Geri Aglipay  
Illinois Outreach Manager  
E-mail: [gaglipay@smallbusinessmajority.org](mailto:gaglipay@smallbusinessmajority.org)  
Phone: (312) 487-1899