Know the Affordable Care Facts

The Affordable Care Act is unfolding and with its development, comes change. From the Fortune 500 to the self-employed, everyone will need to adapt. This list covers some of the main points to consider for small business owners with fewer than 25 employees. Click here for the full SBA article.

Small Business Health Care Tax Credits
In 2014 the tax credit for small businesses who contribute 50% or more to employee-only health insurance premiums increases from 35% to 50% to those participating in the SHOPs.

Small Business Health Options Program
These SHOPS offer small businesses an increased purchasing power by joining with other small businesses to create a larger pool. Health care risks are lowered by creating a larger base to even out costs.

Medical Loss Ratio Rebates
Under ACA, insurance companies must spend at least 80% of premium dollars on medical care rather than administrative costs. Insurers who do not meet this ratio must provide rebates to policyholders, which is typically an employer who provides a group health plan.

90 Day Maximum Waiting Period
Beginning January 1, 2014, individuals who are eligible for employer-provided health coverage will not have to wait more than 90 days to begin coverage.

Workplace Wellness Programs
The ACA creates new incentives to promote employer wellness programs and encourage opportunities to support healthier workplaces. Effective January 1, 2014, the maximum reward under a health-contingent wellness program will increase from 20% to 30% of the cost of health coverage and the maximum reward for programs designed to prevent or reduce tobacco use will be as much as 50%.

Additional Medicare Withholding on Wages
Beginning January 1, 2013, ACA increases the employee portion of the Medicare Part A Hospital Insurance (HI) withholdings by .9% (from 1.45% to 2.35%) on employees with incomes over $200,000 for single filers and $250,000 for married joint filers. It is the employer’s obligation to withhold this additional tax, which applies only to wages in excess of these thresholds. The employer portion of the tax will remain unchanged at 1.45%.