Frequently Asked Questions: Health Reform & Small Business

How does federal health reform change things for small businesses?
Federal health reform will help small businesses be more competitive and will provide tax benefits to some small employers who provide health care. It will also begin containing the high price we all pay to cover the uninsured. More than 90 percent of Oregonians will have health care coverage when all elements of the federal and state health reform are in place. Additionally, the legislation created a health insurance exchange, a central marketplace for health insurance, which provides one-stop shopping for individuals and some small businesses to compare rates, benefits and quality among plans. The exchange will be available by 2014.

Are there any tax benefits for small businesses that provide health care coverage?
Yes, effective January 10, 2010. For qualified small businesses that employ no more than 25 full-time workers, pay average wages of less than $50,000 per full-time employee, and cover at least 50 percent of total premium cost.

For more details on how to take advantage of the tax credit this year contact your tax advisor or go to the IRS Web site:
www.irs.gov/newsroom/article/0,,id=220809,00.html?portlet=6

If my business was already providing health care coverage, do I still get a tax benefit?
Yes, qualifying small businesses that provide coverage now or obtain coverage will receive the tax benefit.

How big is the tax benefit for small businesses?
The Small Business Health Care Tax Credit can cover up to 35 percent of the premiums a small business pays to cover its workers, depending on the number and average salary of employees. This benefit starts immediately. In 2014, the credit can be as much as 50 percent. A business can get four years of the lower tax credit and up to two years of credit when the rate changes in 2014.

This change also reduces the hidden tax on small businesses and individuals with health insurance. Before reform, the cost of treating uninsured added a “hidden tax” to all insurance premiums. With new legislation, these hidden costs will be significantly reduced, as an additional 32 million Americans will be covered by 2019.

Do I have to provide coverage to my employees?
Small businesses with fewer than 50 employees are not required to purchase health care for their employees. Larger businesses are, and the tax incentives are designed to help cover those costs.

What are the other benefits for small businesses?
Today, small businesses pay about 18% more on average for health plan coverage than large corporations so under federal and state health reform we are also working to:

Provide more choices and buying power to small businesses. The reform creates a health insurance exchange, a central marketplace for health insurance, which will provide more choices, makes it easier to compare and buy insurance, and offers more bargaining power, similar to what larger employers enjoy. By 2014, small businesses will be able to pool their buying power and reduce administrative costs by purchasing insurance through the exchange.

End price discrimination against small businesses with sick workers. Currently, small businesses with just one sick worker can face significantly higher premiums. Starting in 2014, "community rating" rules will prohibit insurers from charging more to cover small businesses with sick workers or raising rates when someone gets sick.

What is the role of the Oregon Health Authority and Oregon Health Policy Board?
The Oregon Health Authority (OHA) is a state agency created by the 2009 Legislature. Health-related programs located in other state agencies were consolidated into OHA, helping to streamline health and health care in Oregon. The Oregon Health Policy Board, a nine-member citizen board, oversees OHA. The board has monthly public meetings and provides a way for the public to get involved in health reform in Oregon. Both the Oregon Health Authority and the Board were given clear direction from the legislature to be innovative, creative and bold in improving the state health system for three goals:

Improve the lifelong health of all Oregonians
Increase the quality, reliability and availability of care for all Oregonians
Lower or contain the cost of care so it is affordable to everyone

What's next for health reform in Oregon?
There are two areas we must focus on next: lowering or containing costs and increasing quality. Health care costs are straining the budgets of the state, private businesses and Oregon families, and the quality of the care people receive is uneven.

The **Oregon Health Authority** is the organization at the forefront of lowering and containing health care costs, improving quality of care, and increasing access to health care in order to improve the lifelong health of all Oregonians. Go to www.Oregon.gov/OHA for more information about health reform in Oregon.

Oregon Health Authority