



**SMALL BUSINESS  
MAJORITY**

SMALL BUSINESSES DRIVING PRACTICAL POLICY

# **Wellness, Healthcare Reform and California Small Businesses**

**How the new law impacts your bottom line**

**David Chase  
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Mountain View, CA**

# Small business tax credits



- **In effect now** (as of tax year 2010)
  - \$40 billion in credits by 2019
- Which businesses are eligible?
  - Fewer than **25** full-time employees
  - Average annual wages **<\$50,000**
  - Employer pays at least **50%** of the premium cost

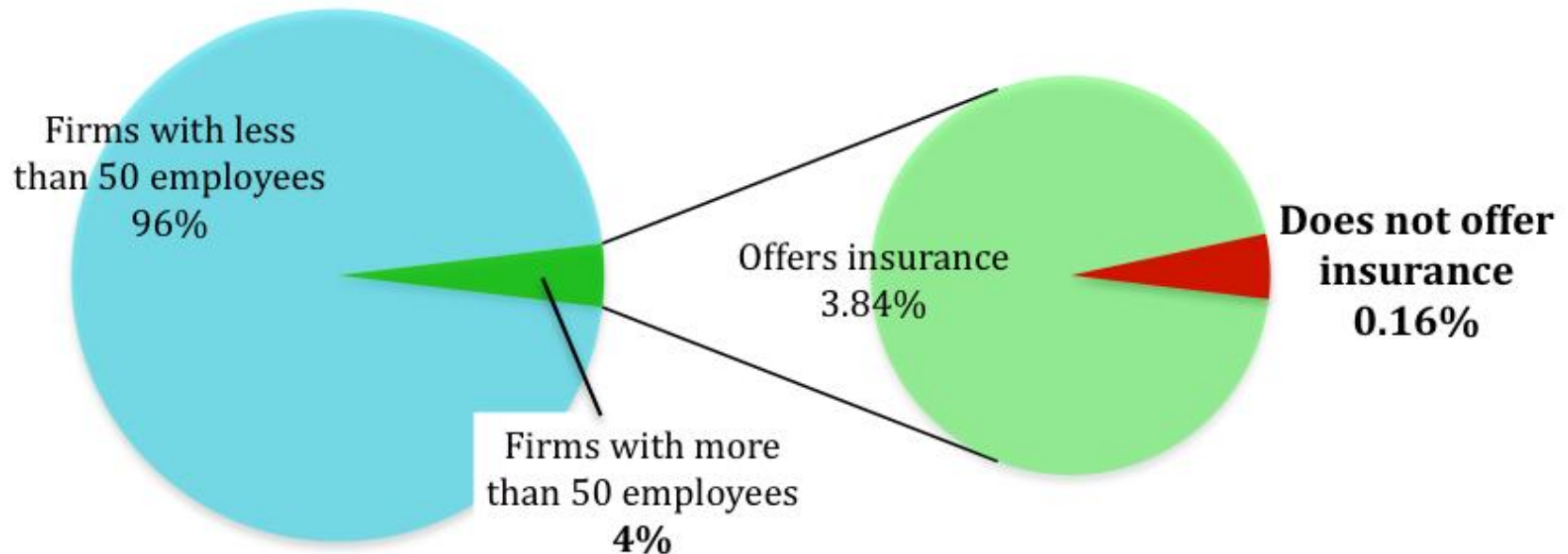
- Tax credits on a **sliding scale**:
  - Up to **35%** of premium expenses for 2010–13
  - Up to **50%** of premium expenses for any two years beginning 2014
- Tax credits do not cover premium expenses of owners or their families
- Tax credits can not be claimed by the self-employed



# Shared responsibility



- **No business** required to offer coverage; large firms *may pay fee* for not offering
- Businesses with **fewer than 50 FTEs** – 96% of all businesses – are **exempt** from any fees



# For larger employers (>50 FTEs)



- Fail to offer coverage- **\$2,000** for each full-time employee per year, **excluding the first 30 full-time employees.**
  - Firms only pay fee if at least one worker qualifies for federal financial assistance in Exchange.
- Failing to offer “affordable” coverage- **\$3,000** per year for each full-time employee receiving federal financial assistance in exchange
  - What is “affordable”?
    - Employee’s required contribution toward the plan premium cannot exceed 9.5% of income; plan pays for at least 60% (average) of healthcare expenses

- The vision of the California Health Benefit Exchange is to **improve the health** of all Californians by assuring their access to affordable, high quality care.
- The mission of the California Health Benefit Exchange is to increase the number of insured Californians, improve health care **quality**, lower costs, and **reduce health disparities** through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give them the best value.
- **Catalyst:** The Exchange will be a catalyst for change in California's health care system, using its market role to stimulate new strategies for providing high-quality, affordable health care, **promoting prevention and wellness**, and reducing health disparities

# ACA and Covered California: Boosting quality and outcomes



- Premiums no longer based on **health status** (2014). Current practices discourage sick individuals from obtaining coverage.
- Tiered **levels of coverage** ensure minimum value and increase transparency. (Platinum, Gold, Silver, Bronze)
- **Standardized benefits** allow for true apples-to-apples comparison
- **Limits on cost-sharing** encourages prevention, routine visits
- Small Business Exchange (SHOP) may offer **wellness programs**
- Other **innovation** in contracting with carriers (e.g. – requiring carriers to assign PCP if member does not select one)

## Sacramento Office

- David Chase, CA Director
  - Email: [dchase@smallbusinessmajority.org](mailto:dchase@smallbusinessmajority.org)
  - (916) 479-1045

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