

AARP HEALTH LAW ANSWERS

HealthLawAnswers.org



What the Health Care Law Means for Small Businesses

The health care law—the Affordable Care Act (ACA)—offers a way for small businesses to shop for coverage and compare plans, known as the Small Business Health Options Program, or SHOP. The law also sets requirements for health insurance plans sold to small businesses.

SHOP - A Way to Get Coverage

Small business owners (in most cases, those with 2-50 employees) aren't required to offer health insurance coverage, but if you do:

- The SHOP offers a way for you to shop for coverage and compare plans and costs on an “apples-to-apples” basis.
- Tax credits are available for coverage bought through a SHOP or a broker, depending on your state, for small businesses with up to 25 employees and average wages of \$50,000 or less. The tax credits cover up to one-half of the employer contribution (35 percent for nonprofits) toward premiums.

Better Coverage Rules

Finding and keeping good health insurance can be especially

challenging for small businesses. If one worker gets sick, premiums for everyone could go up a lot—often making coverage unaffordable for the owner and their workers. And those high costs make it harder to offer good benefits.

The health care law has rules specifically for coverage sold to small business owners.

- Health insurance plans can't turn small business owners down or charge them more because they have employees with health conditions like diabetes, hypertension or cancer. Insurance plans also can't charge more for businesses that employ more women than men.
- All health insurance plans cover a core set of benefits, including doctor visits, hospital visits, maternity care, emergency room care and prescriptions.
- Plans are offered in four different tiers, sometimes called "metal levels," so it's easier to make "apples-to-apples" comparisons among plans. The tiers—bronze, silver, gold and platinum—are based on how generous the plan is for the benefits and services covered. Bronze plans will have the lowest premiums, but the individual's share of costs, like deductibles and copayments, will be higher. Platinum plans will have the highest premiums, but fewer additional costs for employees.
- It is important to know that not all coverage sold to small businesses must meet the health care law's protections. Plans that don't meet the health care law rules may be able to charge you more or cover fewer benefits, such as prescription

drug coverage, depending on your state's rules. Read the plan details carefully before choosing to ensure it meets your business's needs.

Be sure to check with your plan to see what applies to your business. Visit www.healthcare.gov to learn more.

In most states, people who are self-employed and don't have any employees are not considered a small business. If you are self-employed and need health coverage, you will probably shop through the Health Insurance Marketplace. Visit www.HealthLawAnswers.org to learn more and to find the Health Insurance Marketplace in your state.

Learn More

- Find out how the health care law works for you. Get started with AARP's Health Law Answers: www.HealthLawAnswers.org.
- Learn more at AARP and the Health Care Law: www.HealthLawFacts.org.
- Learn more about the small business health care tax credit: www.irs.gov/newsroom/small-business-health-care-tax-credit-questions-and-answers-who-gets-the-tax-credit.