

National Health Care Reform Updates



On March 23, 2010, the Patient Protection and Affordable Care Act became federal law, initiating the most significant changes in the U.S. health care system since the establishment of Medicare in 1965. As an integrated health care delivery system covering 8.6 million Americans, we expect that the new reform law will affect our organization and the members we serve in many different ways.

BenefitEdge Insurance has already begun the work necessary to assist our clients with the law's provisions. This work will progress and evolve over the next several weeks and months, and for some provisions of the law, implementation will occur over several years. This work is critical to BenefitEdge Insurance and those we serve. BenefitEdge Insurance is committed to making reform a success for our members and our communities.

We wanted to take a moment and spell out a few key points that may have the biggest impact to your business over the remaining of 2010. They are listed below. Keep in mind that currently, the law is just an outline and the details of the changes will be provided over the next months or even years.

- Continuation of insurance coverage for dependent children up to age 26, eff September 2010**
- Elimination of pre-existing condition exclusions for children, eff September 2010**
- Elimination of cost sharing on preventive services, eff September 2010**
- Elimination of lifetime maximum benefit, eff September 2010**

- Small business tax credit—effective immediately pending release of federal rules**

The IRS recently released materials for those wishing to claim the small business health care tax credit for 2010. A provision of the Patient Protection and Affordable Care Act (PPACA), this tax credit is designed to encourage small groups to offer health care coverage for the first time or enable them to maintain the coverage they already have. It will likely provide assistance to about four million small businesses.

This tax credit can be significant for a qualifying small group. In 2010, the maximum credit is 35% of employer-paid premiums; for tax-exempt organizations, the maximum is 25% of employer-paid premiums. In 2014, the maximum increases to 50% of employer-paid premiums; for tax-exempt organizations, it increases to 35% of employer-paid premiums. In order to qualify for the credit, the employer must not employ more than 25 employees and the average annual compensation of those employees must not exceed \$40,000.

Here's a look at how a company with 10 employees could benefit:

Employees: 10

Wages: \$250,000 or \$25,000 per worker

Employer Health Care Costs: \$70,000

2010 tax credit: \$24,500 (35% credit)

2014 tax credit: \$35,000 (50% credit)

For more examples, [click here](#).

While there is no formal guidance yet, the IRS has provided educational resources for small businesses wishing to claim the credit this year. [Click here](#) to see the following information:

Simplified Benefits Administration at No Additional Cost