Effective 2010

- Small Business Health Options Program (SHOP) exchanges of health insurance pools must be established by states such that small businesses will be able to group together and buy insurance in a way to alleviate costs.
- A 50% tax credit for employers with 10 or fewer employees who earn an average of less than $25,000.
- $750 Penalty per full-time employee for employers with 50 or more employees not providing health insurance. (Note: Companies may need to modify any applicable benefit policies, such as PTO and/or insurance, to be in line with the new provisions.)
- No penalties for employers with fewer than 50 employees.
- Additional fines for employers not covering 60% of overall employee health costs as well as government-defined services.

Effective 2014

- 35% tax credit for employers with 10 or fewer employees earning an average of less than $25,000.
- A smaller tax credit for employers with 25 or fewer employees with an average wage $50,000 or less.
- No tax credit for employers with more than 25 employees.

Considering

- Companies with fewer than 25 employees are exempt from so-called “pay or play” requirements. Employers with more than 50 full-time employees will be required to make available a minimum level of coverage or pay a per-employee fee. Employers will not be required to provide coverage for part-time employees, but these employees will be counted as partial employees for purposes of determining whether an employer has 50 employees. The Pay or Play provision becomes effective 2014 upon the creation of the state-based exchanges.
- Companies offering high cost health plans would pay an excise “Cadillac Tax” equal to 40% of the value of the plan that exceeds the threshold amount. (Note: This is effective starting 2013 in the Senate bill, but the provision would not take effect until 2018 under the House bill.)

Employers should consider starting a plan now that could help your business avoid penalties in the future. New legislation can be overwhelming; seek guidance to understand and stay on top of all laws relevant to your business and operations.