

Small Business & the Affordable Care Act



The final regulations for tax credits for small businesses offering health insurance to employees have been set by the Internal Revenue Service. The first thing the IRS did was define small business. To do so it follows the law. An employer with 25-or fewer full-time employees is considered a small business under the regulations.

The average employee wage also cannot exceed \$50,000 a year. Another rule is the employer must pay at least 50% of the premium cost of a “qualified” health plan. That plan must be offered through the Small Business Health Options Program or SHOP.

And lastly, the definition of full-time is going to be based on total hours per year.

How much small employers are going to like the new program is up in the air. Newtek Business Services provides small businesses with a number of services. It has a monthly survey of concerns of small, independent business owners.

The SB Authority Market Sentiment Survey finds 51% of small business owners say they are not getting more or better health insurance or health care because of the Affordable Care Act. Of the same 1,500 businesses surveyed, 55% say they are unsatisfied with ObamaCare.

Here are the questions asked and the answers:

Have you and your company received better more affordable care under the Affordable Care Act?

Yes — 19%

No — 50%

Unsure — 31%

Now that the Affordable Care Act has been implemented, are you satisfied with your current healthcare solution?

Yes — 45%

No — 34%

Unsure — 21%

The Newtek Small Business Authority’s Barry Sloane said, “This poll substantiates the concern that small business owners believe the Affordable Care Act will become a drain on their business and their employees, without any offsetting benefit in improved

healthcare cost to their employees. Only 19% of our polled clients believe their company received healthcare that is both more affordable and better under the Affordable Care Act, while over 80% were either unsure or said they did not receive more affordable care.”

Sloane said small businesses aren't happy at all with the Affordable Care Act's mandates. “While the Affordable Care Act only has been mandated for individuals thus far and will not be required for small business owners until the next cycle, the overall negative sentiment, in the reality of higher premiums, fewer choices of doctors, and confusion by exchanges, has created a negative outlook among business owners. In the near term, the promise of more affordable care from the Affordable Care Act has not yet materialized. Hopefully the government and the health insurance providers will take the necessary steps to decrease healthcare costs, increase choice and improve services to independent business owners and their employees.”