

# Summary of Provisions for Small Businesses

## Form 1095-C, Employer Provided Health Insurance Offer and Coverage

- Starting 2015 tax year (optional for 2014)
- Employers with 50 or more full-time employees are required to file Form 1095-C with employee and IRS
- Includes information about whether employer offered qualifying health coverage to employee, spouse and dependents for some or all months during the year
- Form 1095-C is used to determine
  - Whether employer shared responsibility provision applies (beginning in 2015),
  - Whether individual shared responsibility payment applies, and
  - Eligibility of employees for premium tax credit

## Employer Shared Responsibility Provision

### Employer Mandate

- Businesses with 100 or more full-time employees must offer insurance or face a penalty beginning on 1/1/15
- Businesses with 50-99 full-time employees not be subject to employer mandate until 1/1/16
- Businesses with fewer than 50 full-time employees are exempt
- Applicable Large Employers (ALEs) must
  - Offer health coverage to their full-time employees and their dependents, or
  - Be subject to a penalty (generally, \$2,000 per year for every employee starting with the 31<sup>st</sup> employee)

## Small Business Healthcare Credit

- Available to small businesses that offer insurance (Form 9941)
  - Less than or equal to 25 employees with an average salary of less than or equal to \$50,000
  - Employer must cover at least 50% of the premium
- Tax credit for small employers, including tax-exempt employers
- Help with cost of providing health care coverage for low and moderate income workers
- To encourage employers to offer first-time coverage and maintain existing coverage for employees

### 2014 Changes

#### 2010 – 2013

- Credit up to 35% for employers and 25% for tax-exempt employers

#### 2014 and Future

- Credit up to 50% for employers and 35% for tax-exempt employers
- Must purchase coverage through SHOP Marketplace
- Credit can be claimed for two consecutive years only
- Annual cost of living adjustment