

On March 23, 2010 President Obama signed into law the Patient Protection and Affordable Care Act of 2010 (PPACA), which contains a number of elements that affect small business. This policy brief broadly outlines the implementation timeline for key small business-related provisions.

SMALL BUSINESS HEALTH REFORM IMPLEMENTATION TIMELINE	
2010	<ul style="list-style-type: none"> • Small Business Health Care Tax Credits: Small businesses with less than 25 employees and average annual wages of less than \$50,000 will be eligible to apply for tax credits to help them afford provide coverage. From 2010 – 2014, the tax credits will be worth up to 35% of premium costs. From 2014 – 2016, they will be worth up to 50% of premiums. Employers must contribute at least 50% of premium costs to qualify. • Dependent Children up to Age 26: Extends dependent coverage to both unmarried and married children up to age 26 for all individual and group health plans • Prohibition on Lifetime and Annual Limits: Individual and group health plans prohibited from imposing lifetime limits on the dollar amount of coverage • Pre-existing Condition Exclusions: Requires insurers to cover pre-existing conditions in children • Medical Loss Ratio: Requires health plans to report their medical loss ratios (MLR). Small group plans must achieve at least an 80% MLR. • Rescission of Coverage: Prohibits insurers from rescinding coverage except in cases of fraud
2011	<ul style="list-style-type: none"> • W-2 Reporting Requirement: Requires employers to disclose the value of the benefit provided by the employer for each employee's health insurance coverage on the employee's annual Form W-2 • Long-Term Care: Establishes a voluntary, long-term care program – the "CLASS ACT" • Savings Account Withdrawals: Increases the tax penalty for HSA and Archer MSA withdrawals that are not for qualified medical expenses to 20% • OTC Savings Account Reimbursements: Excludes the costs for over-the-counter prescriptions drugs not prescribed by a doctor from being reimbursed through an HRA or health FSA and from being reimbursed on a tax-free basis through an HSA or Archer MSA
2012	<ul style="list-style-type: none"> • Information Reporting Requirement: A business making any payments greater than \$600 to any corporate or non-corporate providers of property and services must file a 1099 with the IRS
2013	<ul style="list-style-type: none"> • Flexible Spending Account (FSA) Contributions: Limits FSA contributions for medical expenses to \$2,500 per year • Increased Medicare Taxes: Increases the Medicare Part A (hospital insurance) tax on high-earners by 0.9% (from 1.45% to 2.35%) on earnings over \$200,000 for individuals and \$250,000 for married couples filing jointly and imposes a 3.8% assessment on unearned income for higher-income taxpayers. Medicare wage tax increases to 2.35% (0.9% increase)
2014	<ul style="list-style-type: none"> • Individual responsibility: With exceptions, requires all US citizens to have qualifying health coverage • Health Insurance Exchanges: Creates state-based American Health Benefit Exchanges and Small Business Health Options Program (SHOP) Exchanges • Employer Responsibility: Employers with less than 50 employees are exempt from penalties for not providing coverage or for providing coverage that is unaffordable for employees • Deductible Limits: Small group plan deductibles become limited to \$2,000 for individuals and \$4,000 for families
2016	<ul style="list-style-type: none"> • Health Care Choice Compacts: Permits states to form health care choice compacts and allow insurers to sell policies in any state participating in the compact • Expansion of Exchange Coverage: Employers with up to 100 employees may purchase coverage through health insurance exchanges
2018	<ul style="list-style-type: none"> • "Cadillac" Excise Tax: Imposes a 40% excise tax on health plans that exceed \$10,200 (single) or \$27,500 (family). The tax threshold increases to \$11,850 (single) and \$30,950 (family) for retirees and employees in high risk professions