



2010 HEALTH CARE REFORM UPDATE

Point by Point – Small Business Health Care Tax Credit

Prepared by RealCare Insurance Marketing, Inc.

We've all been bombarded with news about the Health Care Reform Act, but most of us are still unclear about how it will affect us and when. RealCare has been gathering information on provisions that will affect you as a small business owner or non-profit entity. In an effort to help you understand what is happening when, we are providing a series of papers to outline important aspects of the Health Care Reform Act that will affect you. Over the next several weeks we'll bring you up to date on important milestones in reform, and give you resources to obtain more information.

Regulations will be clarified over the next few months and we will continue to keep you updated as changes are adopted.

Tax Credits

The Health Care Reform Act, also known as the Patient Protection and Affordable Care Act (PPACA) passed on March 23, 2010. The Act created sweeping changes in Health Care in the United States, including the creation of a Small Business Health Care Tax Credit for groups with the equivalent of 25 full time workers.

Qualified Employers

- **Provide health care coverage** - Must cover at least 50 percent of the cost of coverage based on the single rate
- **Firm size** - Must have less than the 25 *full-time equivalent* workers. This means that even employers with more than 25 total workers, could qualify.
- **Average annual wage** - Employer must pay average annual wages below \$50,000

Tax Credit Details

- **Maximum Amount** - The credit is worth up to 35 percent of a small business' premium costs in 2010. On Jan. 1, 2014, this rate increases to 50 percent (35 percent for tax-exempt employers).
- **Applying for the Tax Credit** - Eligible small businesses can claim the credit as part of the general business credit starting with the 2010 income tax return they file in 2011. For tax-exempt employers, the IRS will provide further information on how to claim the credit.

Additional Resources

- More information about the credit, including [tax tips](#), [guides](#) and [answers to frequently asked questions](#), is now available on the IRS Web site, IRS.gov.

For information on your specific group, or to find out about your insurance carrier, please contact RealCare Insurance Marketing, Inc. Group Department at (800) 939-8088, Ext. 204