

If you own a small business, you're probably wondering how health care reform will affect you and your employees and what you can do to get the most value from the Patient Protection and Affordable Care Act (PPACA). Here's a very brief overview of some of the key near-term PPACA provisions—most of which become effective with the group's first plan year beginning on or after September 23, 2010—and some immediate actions you should consider. For more detailed information on what these provisions require and what they will mean for your business, go to healthcare.gov or talk to your insurance carrier or broker.

Dependent coverage to age 26

Extends the eligibility of child dependents until they turn 26. If a dependent child previously lost coverage or was ineligible because of age, PPACA requires that they be allowed to re-enroll effective the first day of the first plan year beginning on or after September 23 (if they will be under 26 on that first day). The employer or carrier is required to notify employees of this. Some carriers may allow re-enrollment sooner. Talk to your broker or insurance carrier for specific advice.

Lifetime and annual limits

For "essential health benefits," eliminates lifetime dollar limits, and permits annual dollar limits only if they are overall limits per enrollee of at least \$750,000 (\$1.25 million for plan years beginning on or after September 23, 2011, and \$2 million for plan years beginning on or after September 23, 2012). The federal agencies have not yet issued a definition of essential health benefits.

“Grandfathering”

A grandfathered plan is a plan that was in effect when health care reform was enacted on March 23, 2010, as long as the plan meets the grandfathering requirements. Grandfathered plans are exempt from some PPACA provisions, including the preventive services requirement and the nondiscrimination rules.

Some changes in your existing plans, such as certain benefit reductions or increases in employee cost sharing, may cause the plans to lose grandfathered status. There are advantages to retaining grandfathered status and to forfeiting it. Employers should carefully evaluate trade-offs before making changes to current plans to determine what works best for their business.

For more information about grandfathering, go to www.healthcare.gov/news/factsheets/keeping_the_health_plan_you_have_grandfathered.html

Preventive services

For plans that are not “grandfathered,” requires coverage of specific preventive services, such as hearing screenings for newborns and colorectal cancer screening for adults over 50, with no cost sharing.

Non-discrimination in eligibility and benefits

These requirements prohibit providing highly compensated employees with more favorable eligibility rules or benefits. Employers that offer different levels of benefits to different employee classes should seek appropriate professional advice to determine if their current plans may be discriminatory and what changes may be required.

Federal tax credit for small businesses

Effective immediately for tax years 2010 through 2013, small businesses that provide health care coverage for their employees may be eligible for a federal tax credit. Key points of the credit include:

- The credit may cover up to 35 percent of the portion of the premiums paid by the employer.
- The maximum credit increases to 50 percent for 2014 and later.
- Dental and vision coverage qualify for the credit.
- Both for-profit and tax-exempt organizations are eligible for the credit.

Because this tax credit is currently available in 2010 to help reduce the cost of coverage and may be reflected in quarterly tax submissions for employers subject to tax, employers should immediately consult with their tax advisor to make sure they can take advantage of the available credit.

For more information from the IRS about the tax credit, go to <http://www.irs.gov/newsroom/article/0,,id=223666,00.html>