



Nevada Division of Insurance

Health Care Reform

Frequently Asked Questions for Employers

What is the new small business tax credit and how do I know if I am eligible?

The Small Business Tax Credit is available beginning with the 2010 Tax Year. Businesses with fewer than 25 full-time equivalent employees (FTE) and average annual wages less than \$50,000 per employee may qualify. To receive the tax credit, an employer must have a group health plan and must pay at least 50% of the premium.

The tax credit is equal to a percentage of what the employer pays and is based on the average premium in the small group market in Nevada. For tax years 2010 through 2013, the maximum credit in each year is 35% of the employer's contributions (25% for nonprofit employers). Beginning tax year 2014, the maximum credit is 50% of the employer's contribution (35% for nonprofit employers). The full 35% tax credit (50% in future years) is available for a business with 10 or fewer full time equivalent workers and average annual wages of \$25,000 or less. The tax credit phases out completely at 25 workers (FTEs) or average wages of \$50,000.

I have five employees. Will I be required to provide insurance for my employees?

No. The employer responsibilities under the health reform law do not apply to employers with fewer than 50 employees. However, you will be able to enroll your employees in coverage through the Exchanges beginning in 2014.

I have 75 employees. Will I be required to provide insurance for my employees?

Yes. An employer that fails to offer minimum essential coverage to its employees will be subject to a penalty of \$2,000 for each of their employees beyond the first 30. In your case, this penalty would be $\$2,000 \times (75-30) = \$90,000$. If an employee's share of the premium for coverage provided by an employer exceeds 9.5% of his or her household income, employers that do offer minimum essential coverage will be assessed a penalty of \$3,000 per employee that receives a subsidy through the Exchange. This penalty may not exceed \$2,000 times the number of employees beyond the first 30.

I am self-employed. Will the new law impact my health insurance choices?

Yes. Beginning Jan. 1, 2014, self-employed individuals and their families must be included in the small group market in Nevada and will have the option of purchasing coverage through the Exchange. This will increase plan choices and include the self-employed in a more stable pool.

Must I go to the Exchange to purchase insurance, or can I continue to purchase coverage through my insurance agent?

The federal law (PPACA) specifically states that businesses are not required to purchase through the small business Exchange.

Can I continue to provide assistance to my employees through flexible spending accounts?

Yes, nothing in the PPACA would eliminate or discourage these options.