

Brief Notes

News for Brokers and Consultants

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3 Penn Plaza East, Newark, NJ 07105-2200

Applies to: Small employer market (2 to 50 employees)

Health reform legislation provides immediate tax credit to small employers who offer health insurance

Many small businesses and tax-exempt organizations that provide health insurance coverage to their employees now qualify for a special tax credit under the recently enacted health reform legislation, the *Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act*.

The credit is designed to encourage small employers to offer health insurance coverage for the first time or maintain coverage they already have. In general, the credit is available to small employers that pay at least half the cost of Single coverage for their employees. Such employers must also meet certain firm size and wage requirements. The maximum credit is 35 percent of premiums paid in 2010 by eligible small business employers and 25 percent of premiums paid by eligible employers that are tax-exempt organizations. In 2014, this maximum credit increases to 50 percent of premiums paid by eligible small business employers and 35 percent of premiums paid by eligible employers that are tax-exempt organizations.

According to the Internal Revenue Service (IRS), 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. More information about the credit, including tax tips, guides and answers to frequently asked questions is now available on the IRS website, <IRS.gov>.

We hope you find this information helpful and that you take the opportunity to share it with your small employer clients. Our Horizon Advantage suite of products and our Horizon HMO Access HSA plan are among the plan offerings clients can choose from for access to a large provider network and cost-effective price options.

Providing our small employer clients with access to affordable, quality health care coverage to meet their changing needs is an important part of our commitment to *Making Healthcare Work*. We will continue to provide you with updates as the federal government releases additional guidance and regulations on health care reform.

Learn about what Horizon BCBSNJ is doing to keep health care affordable at our Health Care Dollars and \$ense microsite, <www.HorizonBlue.com/Informed>.



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