

GBPI

Georgia Budget and Policy Institute

HEALTHCARE OVERVIEW

F A C T S

NEW FEDERAL TAX CREDIT BENEFITS 84% OF SMALL BUSINESSES IN GEORGIA

In Georgia and around the country, small businesses with fewer than 25 employees have a more difficult time providing health insurance to their employees than larger businesses which have more negotiating power and more employees to spread risk among.

The Affordable Care Act's new federal tax credit alleviates some of the financial pressure on small companies that already offer health insurance, and makes it easier for those that cannot currently afford coverage to do so.

Smaller businesses cite cost concerns as the major reason they are not able to offer coverage; smaller employers do not benefit from large risk pools that help keep costs down for larger employers.

Not surprisingly, workers in these small businesses are more likely to be uninsured.

S U M M A R Y

The Affordable Care Act includes new federal tax credits to help small businesses buy health insurance for their employees. In Georgia, approximately 120,000 small businesses are eligible beginning with the 2010 tax year, which is approximately 84% of small businesses in the state.

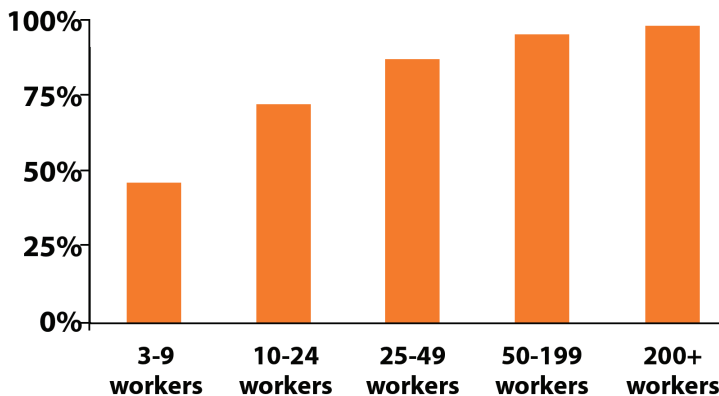
120,000 GEORGIA BUSINESSES QUALIFY

- Approximately 37,500 Georgia businesses qualify for the maximum credit.
- More than 82,000 additional employers are eligible for some amount of the credit.
- These businesses represent 84% of Georgia's small businesses with fewer than 25 employees.

Source: Analysis by The Lewin Group on behalf of Families USA

Percent of Employers Offering Coverage

(by # of employees)



WHAT'S IN A CREDIT?

The credit gives qualifying small businesses financial assistance to sponsor health insurance coverage for their employees, as long as they pay for at least half of the employee's monthly premium.

- The maximum credit is 35% of the employer's contribution on behalf of their employees in 2010.
- The maximum credit increases to 50% of the employer's contribution in 2014.
- Maximum credit: 10 or fewer employees, average wages below \$25,000/yr.
- Phased down credit: Fewer than 25 employees, average wages below \$50,000/yr.

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