



Small Businesses and the Final Health Reform Package: What We Stand to Gain

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Main Street business owners know the status quo is intolerable when it comes to health care. If we failed to pass comprehensive health reform, small businesses would continue to face off-the-charts rate increases and routine discrimination from health insurers. More and more small businesses would be forced to cut coverage, lay off employees or close our doors for good because of rising health care costs.

Small businesses have much to gain from health reform. The final health reform package makes small businesses big winners by **ending discrimination, promoting affordability, expanding choice** and **containing costs**. Here's a summary of key provisions in the final package and what small businesses stand to gain:

ENDING DISCRIMINATION

Ending insurance company abuses through market reforms: The final reform package guarantees that health care will be there for small businesses when we need it. The final package prohibits coverage exclusions based on pre-existing conditions, ends premium discrimination based on gender and health status, eliminates lifetime and annual limits on coverage, bans rescissions of coverage, and requires insurers to spend a higher percentage of premium dollars on actual health care services. It also strengthens oversight of insurance premium increases, protecting small businesses from arbitrary and unreasonable rate hikes.

PROMOTING AFFORDABILITY

Promoting affordable coverage for small employers through tax credits: An estimated 3.6 million small businesses will qualify for tax credits to help pay for health coverage starting in 2010. The credits are estimated to provide \$40 billion in assistance to small businesses over ten years to help make coverage affordable. Offered on a sliding scale, the maximum credit will be available to businesses with 10 or fewer employees (measured in FTEs) and average wages under \$25,000, phasing out once a business reaches 25 FTEs and/or average wages of \$50,000.

Promoting affordable coverage for family businesses, self-employed business owners and small business employees through premium assistance: Reform will provide meaningful premium assistance for individuals and families, including a large percentage of the 26 million small business employees and family members who are currently uninsured.

EXPANDING CHOICE

Expanding choice, maximizing bargaining power and increasing transparency and competition through health insurance exchanges: The final package gives small businesses better choices by setting up new, simplified marketplaces called insurance exchanges where small businesses with up to 100 employees will be able to pool together to shop for coverage. The exchanges will maximize our bargaining power to negotiate better coverage, promote transparency and informed choice, and increase competition to lower rates.

CONTAINING COSTS

Containing costs to lower premiums and reduce the deficit: The final package contains a range of innovative measures to contain costs. These include implementing electronic medical records, simplifying paperwork to cut administrative waste system-wide, and experimenting with ways to reward quality of outcomes over quantity of services. The Congressional Budget Office estimated the final package will reduce the federal deficit by \$138 billion over the first ten years, and by \$1.2 trillion over the second ten years.