



The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. Following is a timeline of provisions of the law that most directly affect small business

Page 1 :: [Page 2](#)

Small business health insurance tax credit	2010. Businesses are eligible for a tax credit for at most six years. Before 2014, the maximum credit equals 35% of the business's contribution to employee health insurance premiums. After 2014, the maximum is 50%, but only on policies purchased in SHOP exchanges. The percentages phase out as the number of employees and FTEs rises from 10 to 25 and as the average wage rises from \$25,000 to \$50,000. More limitations are outlined on this CribSheet #11-2 . (retroactive to 1/1/10)
Temporary high-risk pools	A temporary national high-risk pool becomes available for certain individuals with pre-existing medical conditions who have been uninsured for six months. (begins 7/1/10; ends 1/1/14)
Tanning tax	Indoor tanning services carry a 10% excise tax. Increases taxes \$2.7 billion during 2010-2019. (begins 7/1/10)
Age-26 coverage	Dependents can remain on parents' insurance until age 26. (for plan years beginning 9/23/10 or after)
Preventive services	Certain preventive services must be covered with no out-of-pocket charges. (begins 9/23/10)
Coverage-limit phase-out	By 2014, insurance policies cannot include annual or lifetime coverage limits. (phase-out begins 9/23/10; no limits after 1/1/14)
Drug tax	2011. Manufacturers and importers of brand-name drugs will begin paying a tax that will be passed along to consumers. Increases taxes \$27.0 billion during 2010-2019. (begins 1/1/11)
Over-the-counter drugs taxed	Over-the-counter medications can no longer be paid tax-free through Health Savings Accounts and Flexible Spending Accounts. The penalty for using HSAs/FSAs for non-qualified purchases doubles to 20%. Increases taxes \$6.4 billion during 2010-2019. (begins 1/1/11)
Medical loss ratio (MLR)	Insurers must spend at least 85% of premiums on healthcare providers in large groups and 80% in small groups; otherwise, they must return the difference to consumers as rebates. (begins 1/1/11)
Medical device tax	2013. A 2.3% excise tax on medical devices begins and will be passed along to consumers. Increases taxes \$20.0 billion during 2010-2019. (begins 1/1/13)
Fewer Form 1040 medical deductions	The threshold, at which medical expenses are deductible, increases from 7.5% of income to 10%. Increases taxes \$15.2 billion during 2010-2019. (begins 1/1/13)
"Medicare" wage tax	Owners of unincorporated pass-through businesses will face a new 0.9% "Medicare" surtax on wage/salary income above \$200,000 for individuals or \$250,000 for joint filers. This surtax is paid on top of the long-existing 1.45% Medicare payroll tax. Despite the name, the proceeds will not go to Medicare. (begins 1/1/13)
"Medicare" investment tax	Pass-through business owners with modified adjusted gross income over \$200,000 for individuals or \$250,000 for joint filers face a new 3.8% tax on investment income (rents, dividends, interest, royalties, capital gains on property sales other than primary residence, etc.) above the threshold. Once again, revenues do not go to Medicare. Combined with "Medicare" wage tax, increases taxes \$210.2 billion during 2010-2019. (begins 1/1/13)
Flex-plan limits	Flexible Spending Account contributions will be limited to a maximum of \$2,500 per year. Increases taxes \$13.0 billion during 2010-2019. (begins 1/1/13)
CO-OPs	Creates Consumer Operated and Oriented Plan (CO-OP) to foster non-profit, member-run insurers. (begins 1/1/13) <i>The Fiscal Cliff deal ended new CO-OP applicants and grants as of 12/31/12</i>



The Patient Protection and Affordable Care Act (PPACA) was signed into law on March 23, 2010. Following is a timeline of provisions of the law that most directly affect small business

Exchange enrollment	Enrollment is scheduled to begin in the SHOP and individual exchanges. Businesses must provide all employees with a Notice of Coverage Options. (begins 10/1/13)
Individual mandate tax	2014. The individual mandate tax begins, requiring almost all individuals to purchase health insurance or to pay a penalty in lieu of coverage. (See CribSheet #12-2 for details.) (begins 1/1/14) <i>(NFIB sought to overturn this provision, and along with it the entire law, as a litigant before the U.S. Supreme Court.)</i>
Look-back period	Employers must calculate business size for the employer mandate. (begins 1/1/14)
Health Insurance Tax (HIT)	A tax will fall on health insurance plans purchased in the fully-insured market (mostly small businesses and individuals). Employers with self-insured plans (mostly big businesses, labor unions, and governments) will not have to pay this tax. (See CribSheet #12-3 for more details.) This provision increases taxes by \$102 billion in the first decade (2014-2023). During the second decade, the total tax increase will be \$200-300 billion. (begins 1/1/14) <i>(NFIB is leading a coalition in support of repealing this tax.)</i>
Essential Health Benefits (EHB)	Small-business and individual insurance policies must cover a list of “essential health benefits.” The law specifies that the Secretary of HHS shall determine the list of benefits. However, a regulation written subsequent to the law’s passage shifted that role at least temporarily to the states. (begins 1/1/14) <i>(NFIB submitted comments to HHS regarding the concern of affordability of the essential health benefit standard.)</i>
Individual Health Insurance Premium Tax Credits	Individuals can qualify for premium credits by the following criteria: (1) Household income must be less than 400% of the federal poverty level (2) Employee share of employer-sponsored health insurance premium exceeds 9.5% of total household income and (3) Employer-sponsored coverage does not meet actuarial value requirements. In 2014, no verification is required. (begins 1/1/14)
Health insurance exchanges	American Health Benefits Exchanges open for individuals. Small Business Health Options Plan (SHOP) Exchanges open for small businesses. (begins 1/1/14)
Insurance market reforms	Insurance reforms take effect, and insurers cannot impose coverage restrictions based on pre-existing conditions. Modified community rating standards go into effect for individual or family coverage based on geography, age and smoking status. Insurers must offer coverage to anyone. The law also limits out-of-pocket cost-sharing. (begins 1/1/14)
Deductibles capped	Deductibles for health plans in the small-group market are capped at \$2,000 for individuals and \$4,000 for families, except under certain circumstances. (begins 1/1/14)
Employer mandate	2015. Businesses with 50 or more full-time employees or full-time equivalents may face employer mandate penalties. One employee qualifying for subsidies can trigger annual employer penalties of \$2,000 or \$3,000. This affects both offering and non-offering businesses. (See CribSheet #11-1 for details.) (begins 1/1/15) <i>(NFIB is leading a coalition in support of repealing this mandate.)</i>
Interstate compacts	2016. Permits states to form healthcare choice compacts and allows insurers to sell policies in any state participating in the compact. (begins 1/1/16)
Expand SHOP exchanges	Small Business Health Options Program (SHOP) exchanges are available to businesses with up to 100 employees. (begins 1/1/16)
SHOP expands again	2017: SHOP exchanges may open to large businesses.
Cadillac tax	2018. Imposes an excise tax on insurers of employer-sponsored health plans with aggregate expenses that exceed \$10,200 for individual coverage and \$27,500 for family coverage. Increases taxes \$32.0 billion during 2010-2019. (begins 1/1/18)