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The new health care law will bring significant changes for Nebraska's

small businesses and their employees, phased in over several years. Inside you will find information about requirements as well as a timeline of changes affecting your business and employees. For more detailed information, please visit my website at <http://adriansmith.house.gov>.

A handwritten signature in white ink that reads "Adrian Smith".



Congressman Adrian Smith visits with small business owners in the Third District about health care.

Health Care and You.

What new laws could mean for Nebraska's small businesses.



Congressman Adrian Smith
Nebraska's Third District

Health Care Timeline

2010

Tax Credits

A tax credit with a maximum of 35% of employers' health insurance premiums will be available to those employers with fewer than 10 employees with an average of less than \$25,000 in wages per employee.

The tax credit will be completely phased out for employers with more than 25 employees and an average of more than \$50,000 in wages per employee.

Dependents

Beginning September 23, 2010, dependent children are eligible to remain on their parents' insurance health policies until the age of 26.

General Provisions of New Health Care Law

- The law provides small businesses with up to 100 employees access to state-based Small Business Health Options (SHOP) exchanges.
- All employers which have fewer than 50 employees are exempt from any employer responsibility requirements.
- The law defines a "full-time employee" as an employee who works at least 30 hours per week when calculated on a monthly basis.

2011

W-2 Requirements

Employers will be required to disclose the value of the benefits provided by the employer for each individual employee's health insurance coverage on the employee's annual W-2 form. The Internal Revenue Service will be the principle enforcement agency.

2013

Medicare Payroll Tax

The Medicare payroll tax will be increased by .9% to 3.8% for those with earned income above \$200,000 for individuals or \$250,000 for those filing jointly.

Medical Expenses Deduction

The threshold for deducting medical expenses will be raised from 7.5% to 10% of adjusted gross income.

2014

State Exchanges Begin

States must establish exchanges no later than January 1, 2014, for the sale of qualified health benefits plans to individuals and employers. States which do not may join others to form a regional exchange or defer to the U.S. Department of Health and Human Services to set up an exchange.

New Employer Mandate

Employers with more than 50 employees which do not offer insurance or which offer coverage but their employees receive a federal insurance subsidy will pay a \$2000 per employee tax for every employee more than 30 employees.

Example: Company A employs 51 employees and does not offer health insurance. The first 30 employees are exempt from the penalty, therefore Company A will pay a penalty on 21 employees. Company A will pay a \$42,000 penalty.

Tax on Those with No Insurance

Individuals without government-approved coverage are subject to a tax of a fixed sum or a percentage of applicable income, whichever is greater. The fixed sum will be \$95 in 2014, \$325 in 2015, \$695 in 2016 and adjusted for inflation thereafter. Applicable income is defined as the amount of income which exceeds the personal exemption. The percentage penalty for applicable income will be 1% in 2014, 2% in 2015 and 2.5% in 2016 and thereafter. The penalty is assessed for each taxpayer and any dependents.

To learn more, visit Adrian Smith's website at <http://adriansmith.house.gov>.