



NEWS RELEASE

July 22, 2010
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FOR IMMEDIATE RELEASE, THURSDAY, JULY 22, 2010
CONTACT: Mike Owen (319) 338-0773, ipp@Lcom.net

Right Balance for Small Business in Health Reform In Iowa, Targeted Credits Offer Business Benefits, Employees Health Access

IOWA CITY, Iowa (July 22, 2010) — Two new reports highlight opportunities for over 50,000 Iowa small businesses and their employees to get or keep health insurance now under the new health reform law.

“The goal of health reform was to assure better access to more Americans, and one provision of the new law could help right now,” said Andrew Cannon, research associate for the nonpartisan Iowa Policy Project. “Although the new law does not fully take effect for four years, many small businesses can already take advantage of tax credits if they offer insurance to employees.”

Cannon, in a policy brief for the Iowa Fiscal Partnership (IFP), noted the health-reform law passed earlier this year, the Patient Protection and Affordable Care Act, provides small businesses that pay at least half of their employees' health insurance premium with tax credits up to 35 percent of the premium cost.

The credit is targeted to firms with fewer than 25 employees, depending on average wages. As employee numbers and pay levels rise, the credit phases out.

“Not all businesses will be able to take advantage of this — but potentially over 50,000 small businesses in Iowa alone could meet the requirements of the law,” Cannon said. He noted that nearly 60 percent of uninsured Iowans have jobs so the provision could increase the number of insured Iowans.

“The law is one way to reach the many uninsured Iowans who are employed but do not have access to affordable coverage through their jobs.”

Two national organizations, consumer health organization Families USA and the advocacy group Small Business Majority, this week released another report that determined over 90 percent of Iowa small businesses would be eligible for the credits.

According to that report, “A Helping Hand for Small Business,” 51,100 small businesses in Iowa will qualify, with more than 4 million small businesses eligible nationally.

“They will now receive substantial help,” Families USA Executive Director Ron Pollack said in a news release.

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The Iowa Policy Project

20 E. Market Street
Iowa City, IA 52245
(319) 338-0773 • www.iowapolicyproject.org

CHILD & FAMILY POLICY CENTER

505 5th Avenue • Suite 404
Des Moines, IA 50309
(515) 280-9027 • www.cfpciowa.org

Cannon's report for IFP noted that a firm with 10 or fewer full-time employees with an average wage of \$25,000 or less would receive the full 35 percent credit. That would be worth \$875 to an employer paying \$2,500 of the cost of an employee's premium.

In 2014, Cannon said, full implementation of the health reform law will include state-based health-insurance exchanges, where individuals and small businesses will be able to buy insurance and businesses will be eligible for a credit of up to 50 percent of the employer contribution.

The Iowa Fiscal Partnership is a joint public policy research and analysis initiative of two nonprofit, nonpartisan, Iowa-based organizations — the Iowa Policy Project in Iowa City and the Child & Family Policy Center in Des Moines. IFP reports are available at www.iowafiscal.org.

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