

December 2, 2010

As traveled the country this year, I have heard from many of you who are looking forward to the new tax credits, health insurance exchanges, and other tools that will help you provide health insurance coverage to your employees as a result of the Affordable Care Act.

The most immediate benefit of the new law is a tax credit that will help America's smallest employers and nonprofit organizations (less than 25 full-time equivalent employees with average annual wages below \$50,000) who have been hit hardest by premium increases in recent years. **Today, I'm pleased to announce that the Administration is releasing a one-page form and instructions ([available here](#)) on how to claim this credit for the 2010 tax year.** In addition, new guidance released today answers questions that many of you have asked related to: your current contribution arrangements, eligibility for certain religious institutions, and participation by multiemployer health and welfare plans. In each case, the Administration has worked to ensure that a broad range of small businesses can qualify.

These credits are available for tax years 2010 through 2013 and for any two years after that. Through 2013, the maximum tax credit is 35 percent of premiums paid by small employers and 25 percent for eligible tax-exempt organizations. Beginning in 2014, those levels increase to 50 percent and 35 percent, respectively. Importantly, these credits are just one of many benefits in the Affordable Care Act. Most notably, in 2014, firms with up to 100 workers will be able to pool their buying power and reduce their administrative costs by purchasing coverage through a health insurance exchange.

Finally, the new law strengthens America's entrepreneurial spirit, overall. For example, it outlaws discrimination against those with pre-existing conditions, giving more Americans the ability to break out of job lock and start their own companies. The new law also prohibits insurance companies from dramatically increasing premiums for a small business just because one worker gets sick.

Overall, the Affordable Care Act is a critical tool that will help millions of small business owners provide health insurance to people who you often consider to be members of your extended family your employees. As a nation, we owe you nothing less as you work to grow, create jobs, and lead us toward full economic recovery.

Warm regards,
Karen Mills
SBA Administrator