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## **New Report Shows 81.6 Percent of New York Small Businesses Eligible for Health Care Tax Credits**

*Report Finds More than 285,000 New York Small Businesses Eligible for Tax  
Credit in 2010; 78,300 Qualify for Maximum Credit*

**Washington, D.C.**—More than 81.6 percent of New York small businesses with fewer than 25 employees will be eligible this year for tax credits to help pay the cost of employee health coverage, according to a new report issued by the consumer health organization Families USA and small business advocacy group Small Business Majority.

The tax credit program, a key element of the Patient Protection and Affordable Care Act, targets small employers with up to 25 workers. In New York, this means 285,000 small businesses will qualify. Nationally, more than 4 million small businesses—83.7 percent—are eligible in 2010 for the credit.

The report, “A Helping Hand for Small Businesses: Health Insurance Tax Credits,” also notes that 78,300 New York small businesses will qualify for the maximum tax credit of 35 percent. These are businesses that employ 10 or fewer workers who earn an average wage of less than \$25,000, and traditionally have the most difficult time affording insurance.

“Many small businesses—like the local diner, the hardware store down the street, or the neighborhood repair shop—face special challenges in providing health coverage for their small number of employees,” said Ron Pollack, Executive Director of Families USA. “They will now receive substantial help.

“For example, in 2008, employers with fewer than 10 workers had to pay, on average, nearly \$350 more for each employee’s health insurance than firms with 50 or more workers,” Pollack said. “It’s no surprise, therefore, that less than half of these smallest businesses offered coverage to their employees. This new tax credit should certainly help to improve that record.”

“There’s been a lot of speculation about how many small businesses will qualify for tax credits, and this report clears up a lot of those questions,” said John Arensmeyer, founder and CEO of Small Business Majority. “We now have real numbers that show the vast majority of small businesses in New York will qualify for tax credits under the new law. That’s huge.”

Small businesses are financially less able to provide health coverage for their workers than larger businesses. Nationally, 72 percent of small businesses with 10 to 25 workers offer health coverage, while more than 95 percent of businesses with 50 or more workers offer coverage.

The new law aims to redress that imbalance with tax credits, offering the maximum credit of 35 percent to the smallest companies. Nonprofit employers also benefit, with a maximum credit of 25 percent. As the number of employees and their average wages rise, the tax credit is reduced on a sliding scale.

To further provide assistance, the law allows employers to count two half-time workers as one full-time worker, meaning that an employer with mainly part-time workers will be able to qualify for the tax credit.

“Employers have been willing to provide health coverage for their employees, but economies of scale have made this almost impossible for many small businesses,” Pollack said. “Starting this year, they will have access to a new tax credit to help provide this essential benefit, enabling them to hire and keep good workers who want and need health coverage.”

The report notes that the health reform law has additional provisions to aid small businesses now and in coming years. Among those provisions:

- Starting this month, small business owners are able to view all existing health coverage options in their state on a user-friendly website.
- Starting in 2014, small employers will be able to purchase quality coverage with strong consumer protections through state-based health coverage marketplaces called “exchanges.”
- Starting in 2014, small employers will be eligible for tax credits up to 50 percent, or 35 percent for nonprofits, to cover their workers with policies obtained through the state exchanges.
- Starting in 2014, insurers will be prohibited from charging small employers higher premiums based on their workers’ pre-existing conditions.

“Our nation has counted on small business for personal, neighborhood services and as a wellspring for economic growth,” Pollack said. “The new health reform law will provide much-needed relief to these businesses so they can provide health coverage for their workers.”

The full report on this health insurance tax credit program, “A Helping Hand for Small Businesses,” is available at: <http://www.familiesusa.org/assets/pdfs/health-reform/helping-small-businesses.pdf>