



FOR **SMALL
BUSINESS**

Health Insurance Made Easy

The Small Business Health Options Program



The Small Business Health Options Program offered by Covered California for Small Business™ is a marketplace for small businesses to obtain quality, affordable health insurance for their employees.

Covered California for Small Business

Covered California's Small Business Health Options Program is a health insurance marketplace specifically designed for small businesses.

Covered California provides small businesses with 100 or fewer full-time employees a choice of competitively priced health insurance plans from private insurance companies, so both the employer and their employees can find a plan that fits their needs and budget.

What is Covered California for Small Business?

Covered California offers small businesses and individuals quality health insurance plans with standardized health benefits and four defined levels of coverage: Bronze, Silver, Gold and Platinum.

Through Covered California, small business owners can compare and select group health plans from many brand-name health insurance carriers without any minimum carrier participation requirements.

Employers can choose one or two plan levels of coverage to offer employees and define the amount they will contribute towards their employee premium. Each employee may then choose a health plan that meets their needs within the employer's defined level(s) of coverage. Covered California also enrolls eligible employees in their selected health plan and consolidates employer billing into one monthly invoice. Employers may also choose to offer dependent coverage and have the option to contribute towards dependent premiums.

Small businesses have the option to enroll in small business health insurance plans at any time throughout the year. Once an employer has enrolled, coverage and premiums are guaranteed for 12 months from the coverage effective date. Newly eligible employees may be added during the plan year.



Covered California for Small Business is the only place where qualified small businesses are able to use federal tax credits to help pay for the cost of providing health coverage to employees.



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Do we have to offer employees insurance?



The health care law does not require small businesses with fewer than 100 full-time employees to provide health insurance for their employees. Although not required, employers often choose to provide health insurance to recruit and retain the best talent.

Small businesses that choose not to offer coverage can encourage their employees to contact Covered California to buy individual coverage for themselves or their families.

Employers with 100 or more full-time employees may be subject to penalties if they do not offer their “full-time-equivalent employees” (and their dependents) the opportunity to enroll in minimum essential health coverage.

Note that there is no penalty if coverage is not offered to part-time employees.

What are your plan options?

Covered California offers small businesses the ability to provide employees with more choices for health coverage at no additional cost by introducing a two-tier model called “Dual Tier Choice.”

With Dual Tier Choice, employers select their contribution level and reference plan as before, but now employers can pick two adjoining metallic tiers – Bronze + Silver, Silver + Gold, or Gold + Platinum – to offer employees instead of just one.



Because employees have the opportunity to compare and select health plans at a variety of price points, the result is greater choice and coverage more closely tailored to individual needs.

Who is eligible to participate?

Employers with 100 or fewer full-time-equivalent employees are eligible for coverage through Covered California for Small Business. At least one employee must receive a W-2 tax form at the end of the year for the business to be eligible. If you are self-employed, without any employees, you are not eligible to enroll; however, Covered California’s Individual Marketplace may be an option for you and your dependents.

Employees that are eligible for coverage include:

- Full time employees (30+ hours per week)
- Part-time employees (20-29 hours per week) at the employer’s discretion

Adult Dental

Employers have the option of offering stand-alone dental coverage for adults. Dental benefits are employee paid with no additional cost to employers, allowing businesses to expand benefit offerings without increasing benefits cost.



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How will Covered California help your business?

Competitive advantage. Providing health insurance helps keep your employees healthy, happy and productive. Covered California for Small Business offers quality coverage to help attract and retain top talent for your business. Also, preventing illness reduces absenteeism and increases productivity.

Expanded and affordable options. You have the option to choose the level(s) of coverage to offer employees, compare health plan benefits, and premiums, and ultimately make the best decision for your business and budget. Qualified businesses may be eligible for a tax credit by purchasing health insurance through Covered California for Small Business.

Employer control, employee choice. Covered California allows employers to choose which level(s) of coverage to provide their employees and how much to contribute toward premiums. Each employee may then choose a health plan that meets their needs within the coverage levels.

Enrollment tools and support. Employers can receive in-person enrollment assistance at no cost from Certified Insurance Agents.

Will your business be eligible for tax credits?

As a small business owner, you may qualify for a federal tax credit to help offset the cost of providing health insurance to your employees. To qualify for a tax credit, employers must contribute at least 50 percent of the employee premium costs.

Currently, federal tax credits are only available to groups that purchase health insurance through Covered California for Small Business. The maximum available tax credit is 50 percent of insurance premium expenses and is available for a total of two consecutive years.

The employer tax credit will depend on a number of factors, including the number of full-time equivalent employees and the amount you contribute toward premiums. Generally, small businesses that have fewer than 25 full-time-equivalent employees and pay an average annual salary of less than \$50,000 a year will be eligible for the tax credit. Employers with fewer than 10 full-time-equivalent employees with wages averaging less than \$25,000 per year may be eligible for the maximum tax credit amount.

The table in the right hand panel illustrates the tax credits to help employers — including tax-exempt employers — with fewer than 25 full-time-equivalent employees. The amount of the tax credit cannot exceed the total income and Medicare tax required to withhold from employees' annual wages, plus your share of the Medicare tax. Nonprofit or tax-exempt employers must meet the same criteria as other small businesses; however, their tax credits will be somewhat lower.

There are resources available from Covered California that can help you understand your potential eligibility for tax credits.

Visit: bit.ly/CCSBtaxcredit to learn more.

Find a Certified Insurance Agent available near you at CoveredCA.com.

WWW



Maximum Tax Credit as a percentage of Insurance Premium Expenses

Small Businesses	50%
Non-Profit	35%



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When can small businesses enroll?

Small businesses have the option to enroll whenever they choose. Once an employer has enrolled, coverage and premiums are guaranteed for 12 months from the coverage effective date. Newly eligible employees may be added during the plan year.

The annual employer open enrollment period begins at least 30 days before the start of the next plan year. Covered California will notify employers and agents when it is time to prepare for their annual open enrollment. Small businesses are encouraged to contact their Certified Insurance Agent to learn more about the enrollment process.

To apply, employers will need:

- Employer name, as reported to the Employment Development Department (EDD)
- Federal Employer Identification Number (FEIN)
- State Employer Identification Number (SEIN)
- A copy of their local business license
- DE-9C reconciled by the employer
- Total number of employees
- Total number of full-time employees working 30+ hours per week
- Total number of part-time employees working 20 to 29 hours per week (if offering part-time employee coverage)
- Employee roster, including: address, hire date, date of birth, Social Security number or tax identification number
- Dependent information (if offering dependent coverage), including date of birth to determine age of the dependent

After the employer's application is approved by Covered California for Small Business, employees will select their health insurance plan using the Application for Employees.

After enrollment, health insurance carriers will communicate directly with small businesses and their employees. Employees will receive standard plan documents including ID cards and Evidence of Coverage. An Explanation of Benefits will be sent directly to each participant.

Next steps

- Consider the advantages of offering health insurance to your employees.
- Learn more about Covered California for Small Business and the different health plans available.
- Review your budget to determine what options are best for you and your employees.
- Find a Covered California Certified Insurance Agent who can help enroll your business.
- Work with your tax professional to see if you qualify for the tax credit.

Obtain more information

Visit CoveredCA.com/ForSmallBusiness, call **(844) 332-8384** or contact a Certified Insurance Agent.



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