

Below are important updates on **Federal Health Care Reform**. Please pay special attention to the Tax Credit for Small Groups.

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New for 2010: Tax Credit for Small Groups

The IRS recently released materials for those wishing to claim the small business health care tax credit for 2010. A provision of the Patient Protection and Affordable Care Act (PPACA), this tax credit is designed to encourage small groups to offer health care coverage for the first time or enable them to maintain the coverage they already have. It will likely provide assistance to about four million small businesses.

This tax credit can be significant for a qualifying small group. In 2010, the maximum credit is 35% of employer-paid premiums; for tax-exempt organizations, the maximum is 25% of employer-paid premiums. In 2014, the maximum increases to 50% of employer-paid premiums; for tax-exempt organizations, it increases to 35% of employer-paid premiums. In order to qualify for the credit, the employer must not employ more than 25 employees and the average annual compensation of those employees must not exceed \$40,000.

Here's a look at how a company with 10 employees could benefit:

- Employees: 10
- Wages: \$250,000 or \$25,000 per worker
- Employer Health Care Costs: \$70,000

2010 tax credit: \$24,500 (35% credit)

2014 tax credit: \$35,000 (50% credit)

For more examples, [click here](#).

While there is no formal guidance yet, the IRS has provided educational resources for small businesses wishing to claim the credit this year. [Click here](#) to see the following information:

- Eligibility rules
- Amount of credit
- Three simple step to determine a small group's eligibility
- More tax credit scenarios
- FAQs

You can expect more health care reform updates like this one throughout the year. We're eager to get information out to you as soon as possible, so you can get the most from the new legislation.

This Week In Health Care Reform

As lawmakers returned to Washington this week, Republicans affirmed their commitment to repealing the health care reform legislation, while Democrats continued to campaign on the health care reform law's merits. Meanwhile, President Obama stepped up his efforts to energize his core supporters by capitalizing on health care reform.

Health Care Reform

New Health Care Reform Law Means Tax Increase for Middle Class: According to a report recently received by congressional staffers, the new health care reform law will result in higher taxes for approximately 14.7 million middle class Americans. Taxpayers can currently deduct medical expenses in excess of 7.5 percent of their adjusted gross income (AGI). Starting in 2013, most taxpayers will only be able to deduct expenses greater than 10 percent of AGI. By limiting the medical expense deduction - a provision widely used by taxpayers who either have a serious illness or are older - the new law is expected to save billions of dollars. However, according to the [Joint Committee on Taxation](#), those taxpayers earning less than \$200,000 a year will pay roughly \$3.9 billion more in taxes in 2019 alone because of the new limits for this [deduction](#).

Members of Congress Baffled by Health Care Reform Provisions: According to the [Congressional Research Service](#), the new health care reform law may have serious unintended consequences for members of Congress and their employees. Due to ambiguous and confusing language, members of Congress and their staff members may lose access to the [Federal Employees Health Benefits Program](#), effective immediately. Rep. Jason Chaffetz (R-UT) said lawmakers were in the same boat as many Americans, trying to figure out what the new law meant for them. Congressman Chaffetz asked, "If members of Congress cannot explain how it's going to work for them and their staff, how will they explain it to the rest of America?"

Additional Activities

Unemployment Benefits Extended Again: On Monday, Senate Democrats advanced a measure temporarily [extending](#) the unemployment benefits that expired during the recent two-week congressional recess. Democrats achieved cloture (the only formal procedure that Senate rules provide for breaking a filibuster) with 4 key Republican votes in the Senate. The \$9.2 billion bill would extend long-term unemployment benefits along with [COBRA](#) health care subsidies for unemployed Americans. It would also extend an annual increase in payments to doctors who treat Medicare patients. The [unemployment](#) benefits and health care subsidies will continue until May 5, while the other changes will expire on April 30.

The Senate's action late Monday set the stage for a [final vote](#) on the legislation. On Thursday evening, the [bill passed 59-38](#), and the measure was sent back to the House, which was expected to vote and send it to President Obama for his signature.

Another State Joins Lawsuit Against Health Care Reform Bill: This week, Georgia Governor Sonny Perdue appointed a special assistant attorney general to lead the state's [challenge](#) against the health care reform law. Georgia joins 18 other states in [alleging](#) that the new law infringes on Americans' Constitutional rights by mandating that individuals purchase health care coverage or pay a penalty. [Frank Jones](#), the state's pro bono special assistant attorney general, will represent the State of Georgia and join the multiparty lawsuit filed on March 23 in a federal court in Florida. Other [states](#) in the suit include Alabama, Arizona, Colorado, Florida, Idaho, Indiana, Louisiana, Michigan, [Mississippi](#), Nebraska, Nevada, North Dakota, Pennsylvania, South Carolina, South Dakota, Texas, Utah and Washington.

Insurance Commissioner Won't Comply with Law: Also in Georgia, [Insurance Commissioner](#) John Oxendine refused a request from the U.S. Department of Health and Human Services to create a pool for high risk insurance plans. His [decision](#) to opt out of creating a high risk pool will not affect the cost of insurance for any patients. However, the federal government, instead of the state, will oversee the distribution of certain federal health care funds in Georgia to ensure that high risk patients receive subsidized premiums on health insurance.

Chairman Waxman Cancels Hearing: House Energy and Commerce Committee Chairman [Henry Waxman](#) (D-CA) issued a statement on Wednesday cancelling a [hearing](#) called to listen to concerns from major corporations about how they will be impacted by the health care reform bill. Over the past few weeks, several company executives contacted Chairman Waxman and expressed their feelings that the new law may ease their costs if it is implemented properly. Companies like AT&T, Verizon and Caterpillar made news last month when they informed investors they would need to take billions of dollars in write-downs because of changes in how health care subsidies will be taxed.

Public Opinion

Polls this week show that the number of Americans favoring repeal of the health care reform law continues to rise following the law's enactment. At the same time, President Obama's job approval ratings have slipped since passage of health care reform.

More Americans Strongly Favor Repeal: In a recent [Rasmussen report](#), 58 percent of Americans - up 4 points from last week - support repealing the new health care reform law. Further, 52 percent of likely voters continue to feel the legislation is bad for the country.

Similar results were found in a [new study](#) conducted by Indiana University. Researchers at the Center for Health Policy and Professionalism Research found that 58 percent of Americans are in favor of repealing the health care legislation.

Obama's Approval Ratings Slip: In a recent [AP/Gfk poll](#), 52 percent of Americans said they disapprove of the way President Obama is handling health care reform, up 6 points since last month. At the same time, 50 percent disapprove of his performance overall, which is up from 46 percent just a month ago.

Looking Ahead

As lawmakers shift their attention to debating financial reform and climate change legislation, President Obama continues to travel the country to discuss with Americans the details of the new health care reform legislation.

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