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Prevention is Good Business

By Robert G. Hughes
CEO and President, Missouri Foundation for Health



The facts are sobering. Missouri has an uninsured population of approximately 877,000 (about 15 percent of the state's population). More than 30 percent of Missourians are now obese, and the diabetes rate is nearing 10 percent. And while decreasing, about 21 percent of the state's residents still smoke. Health care costs are on the rise, creating challenging road blocks for businesses, individuals and providers. Although the United States spends more money

than any other nation on health care, our citizens are not healthier.

Not all of the facts about our health care system are negative. As a nation and as a state, we are taking steps to make improvements. As various provisions of the Affordable Care Act (ACA) move forward, the St. Louis business community continues to consider the implications – both on the state and national levels. It is critical to examine the importance of a key component embedded into the ACA: prevention.

Putting prevention at the core of health care makes sense, both logical and fiscal. It shifts a system that is largely focused on treating people after they become sick to preventing diseases before they occur. Chronic conditions, such as heart disease and diabetes, lead to seven out of 10 deaths in the U.S. each year and account for 75 percent of our nation's health care spending.¹

The ACA begins to shift our health care system from sick care to well care by improving access to health coverage,

enhancing payments for primary care providers under Medicare and Medicaid, and developing a national strategy to improve health and well-being. The health reform law makes staying healthy easier by removing cost sharing and co-payments for preventive services.

A focus on prevention contributes to a larger goal of sustaining our workforce. A healthy workforce is an important part of advancing our business and economic sector through enhanced productivity and corresponding revenues. As Missourians become healthier, our state will see a healthier workforce and a business sector better able to compete in a global marketplace.

Additionally, an emphasis on prevention is essential to yielding long-term savings in beginning to control health care spending. For example, investing \$10 per person each year on proven, community-based programs that increase physical activity, improve nutrition and prevent smoking is estimated to save our country \$16 billion annually

within five years and could save Missouri \$334 million per year.²

I encourage you, as a member of the St. Louis business community, to promote healthy behaviors and choices among your employees and business peers – and ensure that employees are well equipped to make the most of the preventive services available to them. It is up to us to work together as a community to guarantee that the forecasted business and economic benefits associated with preventive care are realized.

¹U.S. Department of Health and Human Services, The Affordable Care Act's Prevention and Public Health Fund in Your State, healthcare.gov, 2012.

²Trust for America's Health, Prevention for a Healthier America: Investments in Disease Prevention Yield Significant Savings, Stronger Communities, 2009.

About Missouri Foundation for Health

Missouri Foundation for Health (MFH) is an independent philanthropic organization dedicated to empowering Missourians to achieve equal access to quality health services. The Foundation provides grant funding and education, fosters community partnerships, and serves as a leading, nonpartisan voice on health system topics of importance to the community and policymakers. Since its founding in 2000, MFH has provided more than \$470 million in grants and contracts to organizations serving uninsured and underserved Missourians in 84 Missouri counties and the City of St. Louis. MFH was created following Blue Cross Blue Shield of Missouri's conversion from nonprofit to for-profit status. Today, MFH is the largest health care foundation in the state and is among the largest of its kind in the country.

About Cover Missouri

Cover Missouri is a project of MFH to promote quality, affordable health coverage for every Missourian. This effort incorporates community input, Foundation research and economic analysis by state and national experts. Cover Missouri works to inform and educate Missourians on the health care system and on options for improving access, quality and affordability of health care. Since its inception, the project has hosted nearly 200 educational meetings and produced numerous publications on various aspects of the federal health care reform law.

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Small Business Tax Credits: The Basics

By Mary Timmel, Midwest Outreach Manager, Small Business Majority

Following the passing of the health reform law in 2010, a key tax provision went into effect to help small business owners. The small business tax credit began in September 2010 and offsets the expense of providing health insurance for many small businesses and their employees.

Who is eligible for a small business tax credit?

A small business is eligible for the tax credit if:

- Fewer than 25 full-time staff (or 25 full-time equivalents) are employed (two half-time employees are roughly equal to one-full time staff member)
- Average wages are less than \$50,000 annually
- More than 50 percent of the employees' insurance premiums are paid by the employer

How does it work?

- Small business owners who meet the eligibility requirements can apply for a credit of up to 35 percent of their insurance premium costs backdating to their 2010 taxes and moving forward.
- Charities and other nonprofit employers can receive a tax credit worth up to 25 percent of their insurance premium costs, which can be taken off of their payroll taxes for each pay period.
- In 2014 the credit will increase up to 50 percent for small business employers and up to 35 percent for nonprofits.
- The dollar amount of the tax credit a small business receives is on a sliding scale with smaller businesses receiving larger credits.
- The tax credit applications can be downloaded at the Internal Revenue Service webpage.

What additional tax provisions/changes will be coming in the future?

- Beginning in 2014 individuals, families and small businesses (with up to 100 employees) will have access to health insurance exchanges. Exchanges are marketplaces where people will be able to easily compare and purchase health plans.
- Individuals and families buying health insurance through an exchange may qualify for a premium subsidy. These premium subsidies are being offered to make health insurance more affordable, similar to the tax credits for small businesses.



DO YOU QUALIFY FOR A SMALL BUSINESS TAX CREDIT?

STEP 1 EMPLOYEES		STEP 2 WAGES		STEP 3 INSURANCE
FULL-TIME EMPLOYEES Enter number of employees who work at least 40 hours per week	<input type="text"/>	TOTAL WAGES Total annual wages paid to employees	<input type="text"/>	Do you pay at least half of the insurance premiums for your employees at the single (employee-only) coverage rate? If Yes, you may qualify for the Small Business Health Care Tax Credit. File Form 8941 (for profit companies) or Form 990-T (not-for-profits)
PART-TIME EMPLOYEES Divide the total annual hours of part-time employees by 2080	<input type="text"/>	TOTAL EMPLOYEES Number of employees from your results in step one	<input type="text"/>	
TOTAL EMPLOYEES If the total number of employees is LESS THAN 25 GO TO STEP 2	<input type="text"/>	AVERAGE WAGES If the average wages are LESS THAN 50,000 GO TO STEP 3	<input type="text"/>	

EXAMPLES OF HOW THE CREDIT WORKS

Helping Hands	Broadway Boulevard Art Gallery & Gift Shop	Pine Street Pizza Shop
A nonprofit business OWNER: Mary Moore	OWNER: Joe Smith	OWNER: Paul Pepper
EMPLOYEES Six full-time employees	EMPLOYEES 12 full-time employees	EMPLOYEES Two full-time employees and 35 half-time employees (the equivalent of 20 full-time workers)
WAGES \$270,000 total (\$45,000 per worker) Employer's Share of Employee Health Insurance Premiums: \$30,000 (60 percent of the cost of premiums)	WAGES \$270,000 total (\$45,000 per worker) Employer's Share of Employee Health Insurance Premiums: \$61,000 (55 percent of the cost of premiums)	WAGES \$270,000 total (\$45,000 per worker) Employer's Share of Employee Health Insurance Premiums: \$115,000 (50 percent of the cost of premiums)
In 2012 Ms. Moore is eligible for a \$1,500 tax credit In 2014 the credit will be enhanced to \$2,100	In 2012 Mr. Smith is eligible for an \$18,510 tax credit In 2014 the credit will be enhanced to \$26,443	In 2012 Mr. Pepper is eligible for a \$13,403 tax credit In 2014 the credit will be enhanced to \$19,147

Business Center for Nonprofits Pioneers New Health Coverage Option for Missourians

By Chris Miller, Chief Executive Officer, The Mission Center



Small businesses, particularly nonprofits, struggle to offer quality health care coverage for their employees. The biggest hurdle to offering insurance is cost: small employers (and their employees) often pay the highest health insurance premiums. Seeking to address this issue, The Mission Center (TMC) has extended its work as the organizer of an existing statewide consortium of over 60 nonprofit employers by developing a new tax-exempt health insurance carrier that will offer Missourians a new option for high-quality and competitively priced health insurance starting in 2014.

The Affordable Care Act (ACA) established the Consumer Operated and Oriented Plan (Co-Op) Program to support the development of consumer-run, nonprofit health cooperatives throughout the nation. These Co-Ops will issue qualified health plans through state insurance exchanges and in the individual and small-group markets. The Co-Op program aims to facilitate consumer choice and control, improve plan transparency and accountability, stimulate market competition, and encourage integrated and coordinated health care – while controlling costs. The ACA provides \$3.8 billion in low-interest loans to foster the creation of these member-run, nonprofit health insurance Co-Ops.

In January 2012, with the support of the Missouri Foundation for Health, TMC began development of The Missouri Community Healthcare Co-Op, what will be a new 501(c)29 nonprofit insurance carrier serving small employers and individuals statewide. The Missouri Community Healthcare Co-Op's explicit

purpose is to provide individuals and small employers (for-profit and nonprofit) with high-quality health care at an affordable price. The Co-Op will be governed by its members, with individuals enrolled in the Co-Op health plan constituting at least 50 percent of the governing board. Any profits earned by the Co-Op will be used to lower premiums and expand benefits for its members.

The Co-Op anticipates approval by the Centers for Medicare and Medicaid Services of approximately \$90 million in low-interest federal loans in January 2013, which will be used to capitalize the new insurance carrier. The Co-Op is scheduled to begin enrollment in October 2013 with coverage starting Jan. 1, 2014.

The Mission Center already serves as the administrator of The Mission Center Health and Welfare Benefits Plan, Missouri's only health benefits consortium for 501(c)3 organizations, and also provides accounting and

human resource services for tax-exempt organizations. Together, the consortium and The Missouri Community Healthcare Co-Op will improve coverage for people, organizations and businesses struggling to access affordable coverage and help to make Missouri's health system more consumer oriented. For more information on The Missouri Community Healthcare Co-Op and a timeline of key dates, visit www.tmc-healthcare.coop.



THE MISSION CENTER

The Business Case for Medicaid Expansion

By Ryan Barker, MSW, MPPA, Director of Health Policy, Missouri Foundation for Health

The June 2012 Supreme Court decision on the Patient Protection and Affordable Care Act (ACA) ceded to states the responsibility of deciding whether or not to expand Medicaid, the program that provides health insurance to low-income families. An expansion of Medicaid would provide health insurance to families and working adults with incomes under 133 percent of the federal poverty level – \$14,900 for an individual or \$25,400 for a family of three. This decision will affect not only Missouri's economy, but also the health of all its citizens.

Here is what you need to know:

- > If Missouri chooses not to expand Medicaid, the state would be rejecting approximately \$8.4 billion in federal funds from 2014-2020. These federal tax dollars, paid by Missourians, would go to expand other states' Medicaid programs.
- > The \$8.4 billion in new federal health funds that would come with Medicaid expansion would be a boost to Missouri's economy by increasing our state's gross state product, creating thousands of new jobs, and increasing state and local tax revenue.
- > Currently Missouri hospitals receive assistance paying for care they provide to the uninsured through the federal Disproportionate Share Hospital (DSH) program. The ACA will cut \$3.4 billion in DSH payments to Missouri on the assumption that more people will have health insurance. If Missouri chooses not to expand Medicaid, the loss of this revenue and no significant decrease in the rate of uninsured Missourians likely would lead to reductions in the health care workforce and the closure of some rural hospitals.
- > If Missouri chooses not to expand Medicaid, an insurance gap would exist for Missourians with incomes under 133 percent of the federal poverty level. These individuals would not be eligible for subsidies provided to low-income people through the new health insurance exchange and most likely would remain uninsured.
- > Hospitals currently shift some of the cost for caring for the uninsured onto those with private health insurance. Without an expansion of Medicaid, and with the cuts to DSH funds, hospitals will have no choice but to shift more of the cost of the uninsured onto employer-sponsored health insurance.
- > The state's fiscal responsibility for expanding Medicaid incrementally would rise over time, with the federal government paying 100 percent of costs for the expansion for the first three years beginning in 2014, 95 percent in 2017 and 90 percent in 2020 and thereafter.
- > Three out of every five uninsured Missourians would gain coverage through either the health insurance exchange or Medicaid (if the state chooses to expand the program). This would reduce the percentage of Missouri citizens without health insurance from 15 percent to around 5 percent.

Health Reform Implementation: What is in Effect and What is on the Horizon

There are numerous implications of the Affordable Care Act (ACA) for Missouri. As a business leader, the following are components of the law to which you should pay particular attention.

TIMELINE

2010

Tax credits for eligible small business and nonprofits

Small businesses are eligible for tax credits up to 35 percent (25 percent for nonprofits) of employer's costs if they:

- Employ fewer than 25 full-time equivalent employees
- Have average annual wages less than \$50,000
- Pay at least 50 percent of the employees' insurance premiums.

Extended coverage for young adults

Young adults can stay on their parents' insurance up to age 26.

Providing free preventive care

Effective for health plan years beginning on or after Sept. 23, 2010, all new plans must cover certain preventive services such as mammograms and colonoscopies without charging a deductible, co-pay or coinsurance.

2011

New limits on insurance companies' administrative overhead

A provision known as the Medical Loss Ratio (MLR) limits the amount of insurance premiums that can be used for insurance companies' administrative overhead. In the large group insurance market, insurers must spend 85 percent

of the premiums they collect on providing medical care for policyholders and 80 percent in the small group and individual insurance market. If insurers do not meet this benchmark, they must refund policy holders the difference.

Preventing disease and illness

A new \$15 billion Prevention and Public Health Fund invests in proven prevention and public health programs that can help keep Americans healthy – from smoking cessation to combating obesity.

2012

Report health coverage value to employees

Employers that file 250 or more W-2's must report the value of health insurance on the employees' W-2 form. This value is not considered taxable income by the IRS, and all employers, regardless of size, will be required to comply with this provision starting in 2013.

Reducing paperwork and administrative costs

Health care remains one of the few industries that relies on paper records. Starting in October 2012, a series of changes begin to take effect that will standardize billing and require health plans to begin adopting and implementing rules for the secure, confidential,

electronic exchange of health information. Using electronic health records will reduce paperwork and administrative burdens, cut costs, reduce medical errors and, most importantly, improve the quality of care.

2013

Deciding the question of Medicaid expansion

In January 2013 the Missouri General Assembly will convene for a new legislative session. One of the topics

they will cover includes whether or not to expand Medicaid and accept \$8.4 billion in federal funding.

2014

Insurance exchanges open for eligible small businesses and individuals

Small businesses with less than 100 employees, as well as individuals and families, can begin to buy health insurance plans through an online health insurance exchange or marketplace.

Employer requirements/responsibilities

Larger employers with more than 50 full-time equivalent employees may be subject to a penalty if they do not offer comprehensive, affordable health insurance to their employees.

Wellness program incentives

Employers can offer rewards (up to 30 percent of the employee's share of an insurance premium) to workers participating in a company wellness program.

