

TCG Bulletin

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ADVOCACY NEWS FROM THE PERFORMING ARTS ALLIANCE AND TCG

President Obama Signs Health Care Legislation—What Does it Mean for Not-for-Profit Arts Organizations?

One of the very first provisions of the Patient Protection and Affordable Care Act (PPAC) to be **immediately enacted** is a tax credit to small businesses to make employee coverage more affordable (2010 through 2013). The PPAC Act provides tax credits to assist small employers, with 25 or fewer employees with average wages under \$50,000, to extend health insurance to their workforce. Qualifying 501(c)3 organizations would be eligible to apply the credit to taxes withheld from payroll. Not-for-profits could take a credit in the initial period of 25 percent of the employer contribution and 35 percent in subsequent years, and apply the credit to taxes they withhold from payroll. Other provisions of PPAC:

- * Expand coverage to 94 percent of all Americans, prohibits the denial of coverage based on pre-existing conditions and prohibits increases in premium rates due to pre-existing conditions or gender
- * Require all U.S. citizens and legal residents to obtain health insurance or pay a penalty of up to \$695 per adult (indexed after 2016)
- * Establish affordability tax credits, referred as premium credits, based on a sliding scale for individuals and families to obtain health insurance through exchanges up to 400 percent of the federal poverty level
- * Do not include a public insurance option. Instead, the bill would authorize the creation of self-sustaining consumer owned and operated (CO-OP) plans
- * Do not require employers to offer insurance coverage to their employees, but employers with more than 50 full-time employees that do not offer health coverage must pay a fee (\$2,000) to the federal government for each employee who receives the individual premium credit. The first 30 employees would be exempted from the fee payment calculation
- * Include a major financing component to levy a 40 percent excise tax on insurance companies and administrators for health care plans valued above \$10,200 for individuals and \$27,500 for families; also includes a provision to raise the Medicare tax for high-income filers; adds a 3.8 percent assessment to unearned income; and provisions to make changes to the tax treatment of not-for-profit hospitals

TCG is hopeful that this new legislation will make affordable health insurance more readily available to artists, arts administrators, artisans and technicians. Furthermore, the legislation provides incentives to not-for-profit employers that are equivalent to those provided to for-profit employers. This is the position TCG adopted last October and we hope that this has a positive impact on the overall health of the field. Please note that this story was written shortly after the passage of the health reconciliation bill and if there were last-minute changes, we will make corrections in the next *TCG Bulletin*. Finally, some elected officials are threatening to repeal this legislation, and a number of State Attorneys General have filed suit to block the legislation in their states. This legislation could change so TCG will continue to track the issue, and will report any changes going forward.

Action: Visit the [Independent Sector](#) website for more information.

Source: Independent Sector