Federal Health Care Reform Brings Changes and Opportunities for the Nonprofit Sector

Did you know that one out of every ten Minnesotans is living without health insurance? The Patient Protection and Affordable Care Act (ACA), which became federal law in March 2010, lays out a path to reform the nation’s health care system and reduce the number of uninsured. Some elements of the ACA have already taken effect – children can no longer be denied coverage due to a preexisting condition, most young adults can stay on their parents’ health plan until age 26, and preventive services must be provided with no out-of-pocket costs.

There are more significant changes to come. For many nonprofit employers, these changes will bring new opportunities to provide health insurance for their employees. In Minnesota, key decisions are being made right now about how health reform will be implemented in our state, and nonprofits should be engaged to ensure that the process results in equitable outcomes for the communities they serve. Here are some key issues to be aware of:

One way the ACA will reduce the number of uninsured is by providing tax credits for small businesses. The ACA is already helping small businesses, including nonprofits, overcome financial hurdles to providing health insurance for their employees. Small employers (those with fewer than the equivalent of 25 full-time employees) are currently eligible for tax credits if they cover at least 50 percent of the cost of health insurance for their workers and pay average annual wages below $50,000. From 2010 to 2013, the maximum credit is 25 percent of the premiums paid by eligible nonprofit employers. Beginning in 2014, the maximum credit increases to 35 percent of the premiums paid by a nonprofit.

For many nonprofit employers currently providing affordable health care coverage to their employees, the ACA will have little immediate impact. Beginning in 2014, the ACA will require small group plans to meet certain requirements – such as providing a defined set of benefits and limited deductibles and cost sharing. Plans that were in place by March 23, 2010, will be “grandfathered” in, meaning many employees will not experience any immediate changes in coverage.

Nonprofit employers that do not currently provide health coverage will have new requirements and opportunities. Beginning in 2014, medium and large employers – those with more than 50 employees – will be required to offer adequate and affordable insurance, or pay a fine. Some of these employers will likely have the opportunity to shop for plans through the health insurance exchange. Small employers – those with fewer than 50 employees – will not be required to offer insurance to their employees, although some will qualify for tax credits if they do so. Overall, the ACA is not expected to have a significant impact on the cost of health insurance premiums. A potential increase in premiums due to a broader range of required benefits is likely to be offset by other factors, such as lower administrative costs and improvements in the overall health of the population.

Several opportunities exist for nonprofits to get involved and stay informed. A Health Insurance Exchange Advisory Task Force is developing legislation that will likely be debated during the 2012 Legislative Session. Another group, the Health Care Reform Task Force, is charged with delivering a plan to reform how we deliver and pay for health care in Minnesota. Both of these task forces are already at work – but nonprofits are welcome to attend meetings, provide public comment and potentially join work groups. Additional information on health reform, including future task force meetings, is available on the Health Reform Minnesota website, http://mn.gov/health-reform.

The Minnesota Council of Nonprofits and its Minnesota Budget Project will continue to inform the nonprofit sector about health reform. Visit www.mnbudgetproject.org for the latest information and opportunities for involvement.

Policymakers are currently working out many critical details for implementing the ACA in Minnesota. Many key stakeholders are already fully engaged in this process, including government agencies, HMOs, health care providers, large businesses and insurance brokers. While these groups have a legitimate voice, the nonprofit sector is in a unique position to represent the interests of the people the ACA is intended to help – the uninsured and our most vulnerable populations.