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Health Care Reform: Only The Beginning of Change for Small Business

By Sophie Braccini



Photo Sophie Braccini

the total insurance cost. "There should be a different rule for California," said Orinda architect Rick Kattenburg, who attended the Orinda presentation, "because our salaries are higher." Kattenburg speculated that lower-paid employees could be hired to do certain work, thereby bringing down the average salary, in order for a business to provide a good health care plan.

Most of the teeth for businesses will not kick in until 2014 when they will have to "play or pay," meaning that they will either have to provide coverage or pay a penalty. "That penalty is significantly lower than the cost of coverage will likely be," said Callahan, "so it might not be very effective."

Concluding their presentations, both business women indicated that these measures could very well change before 2014. "Don't panic," said Callahan, "It is only the beginning of 7 to 10 years of change."

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Both the Lafayette and the Orinda Chambers of Commerce recently held workshops to present the impact of newly-legislated health care reform on small businesses. Both presentations were kept short, an hour, and were served with food: an early breakfast in Lafayette and a brown bag lunch in Orinda. The informal format is probably not fortuitous. The matter is quite dry, and for Lamorinda businesses not much may change before 2014.

"This is a very divisive reform, but now the law has passed and small businesses want to find out what will change for them," say Orinda Chamber of Commerce President and presenter Sue Breedlove, who followed the same chronological presentation pattern as the Lafayette presenter, Colleen Callahan of Kosich & Callahan Insurance Services.

The only potential 2010 opportunity for small businesses (defined as 1 to 100 employees) is the tax credit that they can claim if they provide insurance for their employees. There are conditions to be met: the employer needs to pay at least 50% of the cost of the insurance, and the average salary of the full-time employees must be less than \$50,000 a year. The owner and a family member do not have to be included in the average. The tax credit is up to 35% of