

Health Coverage and Savings for Small Businesses

Maryland's Small Business Health Options Program (SHOP)

helps small businesses and nonprofit organizations provide health and dental insurance coverage to their employees. Businesses can sign up at any time of the year. SHOP also is the *only* place where small businesses may qualify for a federal tax credit to lower the cost of coverage for their employees.

Why SHOP?

- As a small business owner, you can claim the deduction on taxes paid on plan premiums for health insurance, vision and dental, and you may be eligible for a health care tax credit.
- Employees get a break because their portion of their health insurance premium is paid pre-tax, lowering their income tax bill.
- Providing insurance helps retain good employees who see the value of their employer-provided insurance in compensation statements.
- Rates fluctuate less in the small group market than in the individual market. You can better predict long-term costs.

To be eligible to participate in SHOP, you must:

- Have a principal business address within Maryland
- Have at least one employee on payroll (not including a business owner, owner's spouse or family members)
- Employ 50 or fewer full-time-equivalent employees (FTEs)
- Offer SHOP coverage to all FTEs

GET STARTED TODAY

1.

Complete the SHOP eligibility application online at MarylandHealthConnection.gov/Small-Business/Shop-Eligibility.

You can expect a response from Maryland Health Connection regarding your business' eligibility within 10 business days.

2.

Select a SHOP-authorized broker to assist you. These licensed professionals provide free help choosing a plan that works for your business.

3.

Work with your authorized broker to browse SHOP health plans and insurance companies, and complete enrollment in a plan.

You may qualify for a health care tax credit from the IRS to help lower the cost of employee coverage.



You may qualify for the tax credit if you:

- **Buy group health insurance coverage through Maryland's SHOP Marketplace**
- **Have fewer than 25 full time-equivalent (FTE) employees**
 - You could still qualify with 25 or more employees, if some are part-time.
 - Total FTEs don't include the owner, owner's spouse or family members.
- **Pay an average annual salary of less than \$53,000 (adjusted for inflation)**
 - This average excludes wages for owner, owner's spouse or family members.
- **Contribute at least 50 percent toward employee-only health insurance premiums**
 - Amounts paid toward dependent coverage, if offered, also may be included in this total.

The tax credit is highest for employers who pay an average annual wage of \$25,000 (adjusted for inflation) or less, with 10 or fewer full-time-equivalent employees. The smaller the business, the bigger the credit.

Visit healthcare.gov/shop-calculators-taxcredit to estimate your tax credit.

Eligibility for the Small Business Health Care Tax Credit is determined by the IRS. You may apply for the credit only after being deemed eligible to purchase a plan through Maryland Health Connection's SHOP Marketplace.

The tax credit may be claimed for any two consecutive years. At the end of the year, when you file your business' taxes, you will fill out Form 8941 to claim the tax credit. The IRS will have final say on how much your small business may receive.