



[ IN THIS ISSUE ]

- 3 From the Board Chair – Enjoy Your Colorado Summer ... Colorado Nonprofit Snapshot
- 4 Board of Directors & Staff
- 5 OUT LOUD 2013 Fall Conference; National Philanthropy Day Nominations; Coming this Fall to an Internet Near You
- 6 Education & Training; Welcome New Staff; Page to Practice™
- 8 2013 Changes to Colorado Law – What Employers Need to Know
- 10 Ways to Prepare for PPACA Implementation
- 12 Help Desk FAQ – Can a Professional Service be Tax Deductible?
- 13 Public Policy – General Assembly Adjournment, Bills in Implementation Stage
- 14 Philanthropy Corner
- 16 Save the Date!
- 17 Insurance Matters – New HIPAA Omnibus Regulations
- 19 Member Features – Museo de las Tres Colonias; Stonehill Consulting Group
- 20 Member Corner – Member Benefits Review; Welcome to Our New Members!

## The Affordable Care Act: What's in Store for Colorado Small Businesses and Nonprofits?

Tim Gaudette, Colorado Outreach Manager, Small Business Majority

The Affordable Care Act became law more than three years ago, yet it continues to be the subject of much discussion and controversy. In just six months, the bulk of the law's provisions will go into effect – many of which will have a real impact on Colorado small employers, their employees and their families.

While the law is never far from the spotlight, the politics surrounding it get far more attention than the real-life implications it will have, on small employers in particular. In fact, most small employers we talk to in Colorado know little about this well-known piece of legislation. And, unfortunately, some of the things they do know are incorrect.

Since this law is so important to understand, I've broken down the key small employer provisions, so when 2014 rolls around, Colorado's small businesses and nonprofits can be ready. – *continued on Page 9*

**“There certainly is still more that can be done to contain costs, but the law moves our health care system toward greater financial stability and provides improved access to affordable, quality care for Colorado's small employers and their employees.”**

## Developing Development

### The Promise of Investing in Tomorrow's Nonprofit Leaders

Monique Bronner, Communications Chair, Institute for Leaders in Development and Communications Manager, Children's Hospital Colorado Foundation

The recently published *Under Developed: A National Study of Challenges Facing Nonprofit Fundraising* by Bell, Jeanne and Marla Cornelius, reveals a very bleak and unfortunately realistic picture of the pitfalls of the development profession. The report noted the researched causes for unsightly fractures at the very core of the sector's foundation. High and premature turnover in fundraising leadership positions – development director level – thinning the pools of qualified professionals to fill these openings along with a lack of organizational support for fundraising by way of philanthropic culture building are among the culprits named in the study.

The issues highlighted in the CompassPoint study ought not be taken lightly. Research shows that the nonprofit sector is vulnerable to inefficiencies. Comprehensive and cumulative actions are needed to preserve the sector while ensuring a future with effective and sustainable organizations. Those initiating programs focusing on emerging leaders in our field are answering this call for action.

Programs like Institute for Leaders in Development (ILD) provide professional development to those who show promise and interest in advancing in the profession of fund development. By focusing on the

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Affordable Care Act – continued from Page 1



Tim Gaudette

### 50 Plus

The most talked about provision in the law is the requirement that every individual American has health insurance. Many people also think the law requires any employer with more than 50 employees to provide insurance to their employees. That's not the case. If you have 50 or more full-time employees but none of your workers receive a tax credit or cost-sharing reduction to purchase coverage

through Colorado's health benefit exchange, there's no penalty – whether you offer health insurance or not.

What's more, 96 percent of all businesses in America have fewer than 50 employees. And 80 percent of all businesses have fewer than 10. That leaves only 4 percent of businesses in the "over 50 crowd." And of that 4 percent of businesses, another 96 percent of them already offer insurance. That means a mere 0.02 percent of businesses in this country have more than 50 employees and are not offering them insurance. In Colorado, a whopping 88 percent of all businesses in the state have fewer than 20 employees. So it stands to reason that the vast majority of small employers in Colorado simply won't be impacted by this provision of the law.

But if you are an employer with 50 or more full-time employees who does not offer insurance and one of your employees receives a government subsidy to purchase insurance, under the law you must pay \$2,000 per full-time employee, not counting the first 30 workers, or \$3,000 for each employee who receives assistance – whichever is less. Now, as any small employer knows, figuring out how many full-time employees you have might not be easy when you've got part-timers, contractors, seasonal employees or 1099 workers. For some employers it might be as simple as multiplying \$2,000 by full-time employees minus 30, but to help with the math, Small Business Majority has a comprehensive FAQ that goes over how to figure it all out: [smallbusinessmajority.org/hc-reform-faq](http://smallbusinessmajority.org/hc-reform-faq).

Through the countless small businesses and nonprofits we've talked to over the years, and the numerous opinion polls we've conducted, we know that they want to offer insurance. There are a variety of reasons for this ... 1) It makes them more competitive. It helps them recruit talented employees and it helps them keep those employees. 2) Being able to provide insurance means they've made it. Many an employer has told me they knew they had made it as an entrepreneur when they could afford to offer their employees insurance. 3) It's the right thing to do. Small employers often think of their employees as family, so it makes sense that they want to do right by them.

### Small Business, Big Buying Power

As I mentioned earlier, the "over 50 crowd" is the segment of small employers that have been getting most of the attention lately. But in the grand scheme of things, a very small percentage of small employers will be required to do anything different under the law.

So let's take a look at the myriad ways it's going to affect the average small employer in Colorado and across the nation.

There are a number of provisions aimed at making it easier for small employers to offer their employees coverage if they choose. As I said, most small employers won't have to do anything different under the law in 2014, other than telling their employees about the most critical part of the law for small employers: the state's health insurance exchange, Connect for Health Colorado. The small business exchange (known to policy wonks as the SHOP exchange, or Small Business Health Options Program), will allow the 130,000-plus Colorado small employers with fewer than 50 employees to band together when buying coverage – giving them the kind of purchasing clout large businesses enjoy (think Costco vs. the boutique organic market). It's something Lisa Goodbee, who owns a successful engineering firm in Denver, is eagerly awaiting.

"This year I was able to offer health benefits to my employees for the first time in 20 years in large part because of the Affordable Care Act. In the past, premiums have just been far too expensive, but this year they were reasonable enough to make the move. Next year when the exchange comes online, I'm hoping they'll be even more affordable," Goodbee said.

Goodbee will get the chance to enroll in Connect for Health Colorado on Oct. 1, when open enrollment begins.

Another program taking aim at outrageous insurance premiums is the Colorado HealthOP, a consumer governed and operated nonprofit insurance company that offers coverage to individuals and small employers. This CO-OP will primarily be made available through Connect for Health Colorado and independent insurance.

Both the CO-OP and insurance exchange's goals are to rein in premium costs for all small businesses, but so will the various cost containment provisions aimed at curbing costs – the No. 1 priority for small employers.

### Taking Aim at Rising Costs

Small Business Majority's polling has shown time and time again that while the majority of small employers want to offer health insurance, many cannot afford to do so. Curbing skyrocketing costs is their top priority. The health care law has and will continue to put reforms in place to bend the cost curve so premiums are more affordable to employers and individuals.

Provisions in effect such as rate review and Medical Loss Ratio (MLR) already have resulted in lower premium costs and cash back for small



four) to qualify for Medicaid. So what does this mean for small employers? Many of the individuals who will qualify for Medicaid under the expansion are low-wage working adults. Because so many working adults would qualify, small employers that cannot afford to offer their employees health insurance would be better able to compete for workers with big businesses that can offer health insurance to their employees. Moreover, it can help some employers with more than 50 workers from experiencing penalties if they don't offer coverage. The penalty is triggered when an employee receives a government subsidy in the form of a health care tax credit. Accessing Medicaid coverage does not trigger a penalty.

There certainly is still more that can be done to contain costs, but the law moves our health care system toward greater financial stability and provides improved access to affordable, quality care for Colorado's small employers and their employees.

But all small businesses and nonprofits need to know about the provisions in order to take advantage of them. For questions on any of the provisions mentioned in this article, or how to enroll in Colorado's small business exchange this year, contact us any time at [smallbusinessmajority.org](http://smallbusinessmajority.org).



*Small Business Majority is a national small business advocacy organization, founded and run by small business owners, to support America's 28 million small businesses. We conduct opinion and economic research and work with our rapidly growing network of entrepreneurs to ensure their voices are part of the public policy debate.*

## Affordable Care Act (PPACA) Implementation

Colorado Nonprofit Association

employees to offer carriers to its website and fully payment for the available. Colorado will by carriers already to market as well ColoradoHealthOP. information on will be available carriers, a call the network of es (also called nt begins 2014 plan year.

with people es to the source of eople they serve regarding: it for individuals e and where to

find information on plans. By 2016, the tax for not having insurance is scaled up to \$695 per individual. The law has exemptions for Native Americans, religious reasons, and financial hardship (available plans cost more than 8 percent of income or income is below the threshold for filing income taxes).

- Availability of subsidies for individuals between 133 and 400 FPL.
- Availability of Medicaid coverage for individuals with income below 133 FPL.
- Major changes to all health plans due to PPACA in 2014 including coverage of those with pre-existing conditions, young adults may be on their parents' plans until age 26, elimination of annual and lifetime limits and more.

### Other helpful resources

A great way to find out more about changes from PPACA is to talk to your broker. Also, many great national and state resources exist on PPACA including the following:

- **Colorado Nonprofit Insurance Agency** assists nonprofits of all sizes with health insurance coverage. Visit [ColoradoNonprofitInsurance.org](http://ColoradoNonprofitInsurance.org) for more information or call (303) 894-0298/(866) 537-1142.
- Download **Colorado Nonprofit Association's guide to federal health care reform** at [ColoradoNonprofits.org/wp-content/uploads/Federal-Healthcare-Reform.pdf](http://ColoradoNonprofits.org/wp-content/uploads/Federal-Healthcare-Reform.pdf).
- Visit the state of **Colorado page on federal health care reform** at [colorado.gov/cs/Satellite/HealthCareReform/CBON/1251593687767](http://colorado.gov/cs/Satellite/HealthCareReform/CBON/1251593687767).
- Visit **Connect for Health Colorado** at [connectforhealthco.com](http://connectforhealthco.com)
- **Healthcare.gov**
- **National Council of Nonprofits** at [councilofnonprofits.org/how-will-affordable-care-act-impact-nonprofit](http://councilofnonprofits.org/how-will-affordable-care-act-impact-nonprofit).
- **Small Business Majority** at [smallbusinessmajority.org/policy/healthcare-policy.php](http://smallbusinessmajority.org/policy/healthcare-policy.php).