

Volume 4, Issue 6

Originally Published  
March 25, 2010

# Nonprofit Strategies



SAN LUIS OBISPO COUNTY COMMUNITY FOUNDATION

## Health care reform benefits nonprofits

By Barry VanderKelen

The landmark health care reform legislation signed into law Tuesday includes benefits for some nonprofits. Some take effect this year, others in 2014.

Most of the immediate benefits apply to organizations that have no more than 25 full-time-equivalent employees, and have average wages of \$50,000 or less. These benefits also apply to small, for-profit businesses.

To put this into perspective, more than 40 percent of all nonprofits in San Luis Obispo County have annual revenue of less than \$25,000, and relatively few have either average wages greater than \$50,000 or more than 25 full-time employees. Thus many local nonprofits will benefit immediately from the new legislation.

For years 2010 through 2013, nonprofits that pay at least half the cost of health insurance for employees are eligible for a credit of up to 25 percent of the cost of their contribution on certain payroll taxes.

Starting in 2014, the credit increases to 35 percent if the insurance is purchased through one of the new exchanges or insurance marketplaces that states must set up for small businesses. The credit is incentive to either keep offering insurance to employees or begin providing it.

Larger nonprofits, those with 50 or more full-time employees, are not required to offer health insurance to employees. But beginning in 2013 they must pay a \$750 fee for each employee who claims a tax

credit by purchasing insurance through one of the new exchanges or marketplaces.

The largest organizations, those with 200 or more employees, are required to offer health insurance to employees.

Various agencies, including the IRS, will be distributing details of implementation steps in the next few months. I am grateful to the Independent Sector for providing information for this article.

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### Resource Use

- Support nonprofit leadership
- Board development/training
- Strategic planning

### Nonprofit Business Column of The Tribune

The San Luis Obispo Tribune publishes a column every other week in the Business section dedicated to the business practices of nonprofit orgs. Barry VanderKelen, Executive Director of the San Luis Obispo County Community Foundation writes the bi-

weekly column to help strengthen nonprofit organizations in the community. Each column is reprinted here as a one-page handout for use by local organizations. Barry can be reached at 543-2323 or by e-mail at [barry@slocf.org](mailto:barry@slocf.org).