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Health care tax credits are little used

By Jeremy Shulkin CORRESPONDENT

Business owners in Massachusetts may want to start crunching a whole new set of unconventional figures when considering how best to boost their bottom lines, and not just ones measured in dollar amounts.

Instead, they may want to focus on units of measurement such as Percent Daily Value, LBS and mmHG.

It's all part of the state's health care reform law that went into effect in 2006. While phase one tried to ensure that everyone could receive health care coverage, phase two seeks to control and contain rising health care costs by offering tax credits to companies that provide wellness and health incentives to employees.

According to Vanessa H. Costa, principal and co-founder of Worcester insurance broker Advantage Benefits Group Inc., many of the reimbursements and credits for small

businesses cover purchases companies may already be making.

"A lot of people are spending money on items that should qualify for this credit," she said.

But because the Massachusetts Small Employer Wellness Program Tax Credit is so new — Gov. Deval Patrick signed the bill in 2012, and the law took effect in 2013 — Ms. Costa believes many eligible companies aren't taking advantage of it.

"It's all still very new and I don't think people have really dug deep and taken a look at it," she said.



CPA John Andrews of West Boylston and Vanessa H. Costa, principal and co-founder of Worcester insurance broker Advantage Benefits Group Inc. provide information about the state's small business health tax credit program. (T&G Staff/RICK CINCLAIR)

"There's money on the table here."

Essentially, the state will reimburse or credit companies for purchases that lead to improving workplace safety or encouraging healthy habits. Businesses, trades and sole proprietorships that employ 200 people or less, offer health care benefits and have half their staff working in Massachusetts can recoup 25 percent of the cost of implementing these programs, up to \$10,000.

Companies have until Dec. 31 to submit an application to the state seeking reimbursement and tax credits for 2013.

The state estimates that the tax credit could net nearly \$200 billion in savings to the government, businesses and Massachusetts residents and workers over the next 15 years.

Installing automated external defibrillators, putting healthy snacks in the company's vending machine, improving safety and injury prevention training are all investments that would qualify for reimbursement.

On their own, Ms. Costa asks, "How many small businesses have extra money to implement this kind of care?"

While the wellness credit seems easy enough to obtain, there is a multi-step process in seeking certification from the state.

"The first step is really education," says Ms. Costa, whose company has worked with others in the past to secure these funds, "then behavioral change."

First, companies need to review recent purchases to see if any of them qualify for the wellness credit. Then, companies need to survey their staff regarding their health questions, habits and interests; organize a wellness fair — a low pressure, "fun environment," according to Ms. Costa — that would measure employees' blood pressure, cholesterol and glucose; and name someone as a "wellness champion," "someone who tries to get everyone excited about the event," Ms. Costa explains.

The company would then go about engaging staff in encouraging healthy habits and offering incentives such as money, gift cards and "well" days off.

At least one-third of employees would need to participate in the program for the company to receive the credit.

Accountant John Andrews of West Boylston seconds Ms. Costa's claim that not many people know about the new wellness credit. Mr. Andrews didn't find out about it until May this year and he hasn't done a tax return for a client yet who has sought the incentives except for a client he shares with Ms. Costa.

"The key for me is to educate my clients," he says, pointing out that even minor upgrades in dishwashers and microwaves for break rooms could qualify.

The credit isn't exactly typical either, as it's not geared toward a specific investment in machinery or type of industry. It's a wide net that has Ms. Costa and Mr. Andrews excited about extolling its virtues.

Pointing to the financial and health benefits the tax credit could bring to the state's small businesses, Mr. Andrews said, "I think there's more than one payback here."

