

# Part I. Rulings and Decisions Under the Internal Revenue Code of 1986

## Section 45R.—Average Premium for Small Group Market for Determining the Small Employer Health Insurance Credit

(Also Section 38(b).)

### Section 45R — Average premium for small group market for determining the small employer health insurance credit.

Section 45R provides a federal income tax credit to eligible small employers, including tax-exempt organizations, that make nonelective contributions towards their employees' health insurance premiums under an arrangement that meets certain requirements. The amount of an employer's premiums that are taken into consideration for purposes of calculating the credit cannot exceed the average premium for the small group market in the state in which the employer offers coverage. This ruling publishes the average premium rates for the small group market. These rates are determined by the Department of Health and Human Services.

## Rev. Rul. 2010-13

Section 45R was added to the Internal Revenue Code by section 1421 of the Patient Protection and Affordable Care Act (the Affordable Care Act), Pub. L. No. 111-148. The Affordable Care Act was signed by the President on March 23, 2010. Section 45R is effective for taxable years beginning after December 31, 2009.

Section 45R provides a Federal income tax credit to eligible small employers, including tax-exempt organizations, that make nonelective contributions towards their employees' health insurance premiums under an arrangement that meets certain requirements. For taxable years beginning before 2014, the amount of the credit is based on a percentage of the lesser of: 1) the amount of nonelective contributions paid by the eligible small employer on behalf of employees under the arrangement during the taxable year, and 2) the amount of nonelective contributions the employer would have paid under the arrangement if each such employee were enrolled in a plan that had a premium equal to the average premium for

the small group market in the State (or in an area in the State) in which the employer is offering health insurance coverage. The Secretary of Health and Human Services (HHS) determines whether separate average premiums will apply for areas within a State ("sub-State areas") and also determines the average premium for a State or sub-State area. The chart below sets forth the average premium for the small group market in each State for the 2010 taxable year, as determined by HHS.

HHS recognizes that there may be areas in some States with meaningfully higher premium rates. For the 2010 taxable year, HHS may provide additional average premium rates for the small group market in certain areas within States. However, in no case will any such additional sub-State rates be lower than the applicable rate for each State that is set forth in this Revenue Ruling.

The following chart sets forth the average premium for the small group market in each State for the 2010 taxable year. Family coverage includes any coverage other than employee-only (or single) coverage.

State	Employee-only Coverage	Family Coverage
Alaska	\$ 6,204	\$ 13,723
Alabama	4,441	11,275
Arkansas	4,329	9,677
Arizona	4,495	10,239
California	4,628	10,957
Colorado	4,972	11,437
Connecticut	5,419	13,484
District of Columbia	5,355	12,823
Delaware	5,602	12,513
Florida	5,161	12,453
Georgia	4,612	10,598
Hawaii	4,228	10,508
Iowa	4,652	10,503
Idaho	4,215	9,365
Illinois	5,198	12,309
Indiana	4,775	11,222
Kansas	4,603	11,462
Kentucky	4,287	10,434
Louisiana	4,829	11,074
Massachusetts	5,700	14,138
Maryland	4,837	11,939
Maine	5,215	11,887
Michigan	5,098	12,364

Minnesota	4,704	11,938
Missouri	4,663	10,681
Mississippi	4,533	10,501
Montana	4,772	10,212
North Carolina	4,920	11,583
North Dakota	4,469	10,506
Nebraska	4,715	11,169
New Hampshire	5,519	13,624
New Jersey	5,607	13,521
New Mexico	4,754	11,404
Nevada	4,553	10,297
New York	5,442	12,867
Ohio	4,667	11,293
Oklahoma	4,838	11,002
Oregon	4,681	10,890
Pennsylvania	5,039	12,471
Rhode Island	5,887	13,786
South Carolina	4,899	11,780
South Dakota	4,497	11,483
Tennessee	4,611	10,369
Texas	5,140	11,972
Utah	4,238	10,935
Virginia	4,890	11,338
Vermont	5,244	11,748
Washington	4,543	10,725
Wisconsin	5,222	12,819
West Virginia	4,986	11,611
Wyoming	5,266	12,163

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#### DRAFTING INFORMATION

The principal author of this revenue ruling is Mireille Khoury of the Office of the Division Counsel/Associate Chief Coun-

sel (Tax Exempt & Government Entities). For further information regarding this revenue ruling, contact Mireille Khoury at (202) 622-6080 (not a toll-free call). For questions regarding the data contained

in the table of average State premiums, contact Tara Oakman of the Department of Health and Human Services at (202) 690-6870 (not a toll-free call).