

The tax penalties included in this law will create dramatic changes in the way CPAs deal with their small business clients.

An accountant working with a small business client will be expected to get into why and how they offer health insurance to their employees.

Accountants will have to help them consider whether it's more valuable for them to go to an exchange or a private insurer, and help them calculate how many full-time equivalent employees they have. The CPA is going to be right there on the front line for all of this.

It's a role CPAs need to begin preparing for immediately.

The main shift in the function of the CPA will be encompassed in two key factors embodied in the small business portion of the health care reform law:

- (1) the need to define the size of the business based on FTE's vs. annual revenue, and
- (2) the expectation of a CPA's clients to help them determine the amount of tax credit available and whether or not that outweighs the benefit of continuing to offer their employees the known commodity of private insurance.

CPAs will need to be aware of several critical issues raised by the health care reform law:

- The definition of small business is now defined by FTEs vs. annual revenue, the model accountants have traditionally used.
- CPAs will now likely be expected to calculate the number of FTEs a business employs. It's not just defining a full-time employee as someone who works thirty hours or more, but combining the hours part-timers work.

If the business has two part-time employees who each work fifteen hours, it will count as one employee. If the business has ninety part-time employees, you might be mandated to offer coverage, and if the business isn't in compliance, it could be fined up to \$2,000 per employee.

- CCI expects small businesses, those with fewer than twenty-five employees who aren't mandated to purchase group insurance, to look to their tax advisor to determine whether purchasing group insurance through the exchange is worth the benefit of the tax credit offered under health reform.
- Financial advisors also may be asked to help determine how continuing to offer private insurance vs. an exchange plan will help them to attract and retain high-quality employees.

The health reform law could offer several boons to small businesses and their employees, mainly by placing everyone in the larger exchange insurance pool that provides more competitive, cost-controlled insurance rates than the current private market system and by offering owners and employees alike the benefit of guaranteed issue insurance.

For all of us in small business, this should be a good thing. The overall claims experience of the high-risk/unhealthy employee group should improve, and this should have a demonstrative effect on cost control in the insurance market. The exchange argument should be good for everyone.