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**FIRM MANAGEMENT**

# Should Accounting Firms Sell Health Insurance?

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**Dave McClure** • Mar. 24, 2014



## The Bleeding Edge Blog

When it first became clear that tax preparers – including CPAs – would have to be the front line in implementation of the Affordable Care Act, I voiced a lot of concerns. I doubted it would be possible for accounting professionals to serve as both trusted advisors and health insurance sales people.

I'm re-thinking that position.

My initial objections were based on two factors. First, it put accountants in a difficult position if they were required to report clients who are not in compliance with the law. You can't be a trusted friend and a snitch at the same time. Second, there seemed a small conflict of interest involved, similar to the inherent conflict when a financial planner is hawking a certain type of asset because his or her company profits from the sale.

But in a larger sense, providing guidance to clients (with or without actually writing the policy) is a service of no small value, and falls into the same category as managing the client's payroll or bookkeeping or electronic filing.

## Implementation of the Affordable Care Act:

- **...Is complicated beyond belief.** The rules changing almost daily, and require professional knowledge and diligence just to keep pace.
- **...Is a compliance issue,** not dissimilar to compliance with other elements of the Internal Revenue Act.
- **...Is a tax issue.** That's the judgment of the United States Supreme Court, and is being managed by the Internal Revenue Service.
- **...Impacts virtually every business and individual in the country.**
- **...requires precise record-keeping and reconciliation.**

Regardless of how you feel about the structure of the ACA and its implementation can best help their clients by providing them with the most accurate program information and advice – so that they may make the best management decisions for their companies.

This isn't just my judgment. A new report prepared by the Urban Institute for the Robert Wood Johnson Foundation urges tax preparers to get involved directly in helping clients to find the right health care solutions, particularly in the areas of poor individuals and small businesses. That report (as noted in the CPA Practice Advisor [here](#)) finds that most low-income taxpayers who are in need of health insurance also use professionals to file their returns.

Two of the leading tax preparation franchises – H&R Block and Hewitt-Jackson — are already partnering with online insurance brokers GoHealth and Getinsured. They are steering customers to those brokers if the clients say they want to enroll in Obamacare insurance after getting their tax returns prepared. Given potential tax penalties under the new law, the companies see it as a natural fit—and a potentially growing service.

Nor does it stop there. The authors of the Urban Institute study believe there is a role for vendors of tax and accounting software. They say software vendors could develop tools that allow taxpayers to complete a paper application for insurance affordability programs just by answering just a few questions beyond those needed to file a tax return. With the right software and guidance, taxpayers might simultaneously file tax returns and apply for subsidized health insurance without paying a fee.

The problem is that the need exists now, but it is simply not possible for most accountants to stop in the middle of tax season to create a new service area for health care. So likely the best firms will manage this year is to keep their clients informed

when implementation of the ACA changes. And perhaps to help them weave through the bewildering array of regulations involved today.

As for creating the service, here are five likely steps to take:

- Use this tax season to assess the level of need within the firm's client base. If the clients are confused and concerned, that's a signal to beginning planning a Health Care Practice.
- Bookmark the IRS page on the Affordable Care Act (found [here](#)), and keep up with every change and every shred of guidance the IRS may publish.
- At the end of tax season, check with the vendor of your tax and accounting software, and make sure they are working on incorporating the IRS forms and guidance into their products for the next tax season. If they are not, perhaps it is time to consider a different package.
- Plan for the creation of the practice are in Health Care, and determine who will be in charge of its success.
- Do a formal business plan to estimate the resources needed and the steps that need to be taken to make the practice area successful.

I'm rethinking the topic of accountants and the Affordable Care Act, in part because this tax law is unlikely to go away anytime in the near future. And because accountants seem uniquely qualified to help clients weave their way through the myriad requirements, shifting regulatory environments and required certifications that are part of the ACA today.

It's a tough issue for accountants to address, with a law and a tax that are immensely unpopular and under threat of a complete repeal. But I am reminded that in the formal Mandarin the word "crisis" is made by combining two other words – "danger," and "opportunity."

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