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## WEALTH ADVISER

# Helping Small Businesses with New Health Plans

By DAISY MAXEY

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Some financial advisers are starting to help small-business owners explore their health-insurance options and potential tax savings through the [Affordable Care Act](#).

But for small businesses and their advisers who haven't started the process, now's the time to act.

In the newly created health-insurance marketplaces, small-business owners may have options not previously available or access to less expensive coverage choices. Some also may be eligible for a valuable tax credit. It's crucial they move quickly with the help of their advisers so they don't miss some of those opportunities.

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"Businesses have to get rolling a little earlier than consumers," says Katy Votava, founder of GoodCare.com, a Rochester, N.Y., firm offering consulting and online resources on health-care plans for financial advisers and small businesses.

For 2014, the new health-insurance program, also called [Obamacare](#), is open to employers with 50 or fewer full-time employees. It will expand to businesses with as many as 100 employees by 2016 and is expected to expand beyond that in 2017.

As things stand now, 17 states and the District of Columbia will operate their own health-insurance marketplaces, seven will partner with the federal government in hybrid marketplaces and the government will operate marketplaces for the 26 states that haven't established their own, according to Small Business Majority, a Washington, D.C., advocacy group run by small-business owners.

### State Health-Insurance Marketplaces

Some states will operate their own health-insurance marketplaces under the Affordable Care Act, some will partner with the Federal government in hybrid marketplaces and the Federal government will operate marketplaces in states that don't establish their own.

## State-based Marketplaces

California  
 Colorado  
 Connecticut  
 Washington, D.C.  
 Hawaii  
 Idaho  
 Kentucky  
 Maryland  
 Massachusetts  
 Minnesota  
 Nevada  
 New Mexico  
 New York  
 Oregon  
 Rhode Island  
 Utah  
 Vermont  
 Washington

## State Partnership Marketplaces

Arkansas  
 Delaware  
 Iowa  
 Illinois  
 Michigan  
 North Carolina  
 West Virginia

## Federal Marketplaces

Alaska  
 Alabama  
 Arizona  
 Florida  
 Georgia  
 Indiana  
 Kansas  
 Louisiana

The federally facilitated Small Business Health Options Program marketplace, or SHOP, where business will eventually be able to compare insurance options and sign up for health insurance, has suffered with technical glitches. But that needn't delay the process of exploring options.

Since Oct. 1, small businesses have been able to dial a call center at 800-706-7893 to begin examining their options and to apply for insurance offered in the federal marketplace. In November, employers are expected to be able to compare their coverage options online, learn how much financial assistance they'll receive and sign up online.

The SHOP marketplace will be open all year, but employers must sign up by Dec. 15 if they want health-insurance coverage to begin Jan. 1.

"I'm hearing that a lot of small businesses are finding their deadline to renew their current coverage coming due, still struggling with clarity from the SHOP exchanges, and therefore deciding to just renew their current plans and revisit this next year," says [Michael Kitces](#), a financial planner and director for research at Pinnacle Advisory Group Inc. in Columbia, Md., which manages about \$1 billion.

But there are risks to waiting. Businesses that have fewer than 25 full-time equivalent employees making an average of about \$50,000 a year or less may qualify for the Small Business Health Care Tax Credit. The maximum tax credit will be as much as 50% of a business's contribution toward employees' premium costs in 2014.

But to be eligible for the credit for 2014 and beyond, employers must buy insurance through the SHOP marketplace.

"For businesses that are taking advantage of the tax credit, they need to work hard to get into that SHOP system," says Ms. Votava of GoodCare.com

Financial advisers should advise them to dial the call center for information on options and prepare paper applications if they're interested in enrolling, or work with their state, she says, adding that many of the online state marketplaces are already running.

Maine  
Missouri  
Mississippi  
Montana  
North Dakota  
Nebraska  
New Hampshire  
New Jersey  
Ohio  
Oklahoma  
Pennsylvania  
South Carolina  
South Dakota  
Tennessee  
Texas  
Virginia  
Wisconsin  
Wyoming

Source: Small Business Majority

Advisers may also advise clients to contact "navigators," individuals trained to help small-business owners and others explore their coverage options and complete eligibility and enrollment forms. Such individuals are available in all states at no charge, she says.

And advisers should urge clients to contact navigators right away if they're needed. "These navigators are going to be overloaded," she says. "Those who wait longer will not get appointments."

Experts in investing or financial planning may not want to get too involved with the details of the insurance program, she says: "For some [small-business] clients, advisers might be very hands on, but with most of them, they're going to be more comfortable giving them this information and saying, 'Go check this out.'"

Some advisers may want to refer small-business clients to a licensed insurance broker, who can get employers enrolled now, Ms. Votava says.

Carolyn McClanahan, founder of Life Planning Partners Inc. and a medical doctor, says advisers should be their clients' advocate in working with agents, making sure they're working with reputable individuals.

All of Dr. McClanahan's small-business clients buy their health insurance through an agent, and none will use the new marketplace this year, she says. Mostly, that's due to the limited options available now.

Life Planning Partners, which manages \$75 million, is based in Jacksonville, Fla., where the marketplace is run by the federal government. For the first year, such marketplaces will offer only one insurer, and none of Dr. McClanahan's clients are eligible for the tax credit, she says.

Her advice to them: "Sit tight, and as the exchange becomes more robust, we'll revisit the situation."

Ms. McClanahan, who educates financial planners about health-care reform as well as other health and financial issues, says she's very optimistic about next year. "We're seeing evidence that prices are better and that they have more plan choices," she adds.

Edward Fulbright, of Fulbright Financial Consulting, says he has quite a few small-business clients, and is working with an insurance agency to help them understand and select coverage options.

"It's just very confusing because nobody really understood the rules until it was ready to go into action, and there are a lot of decisions to be made," says Mr. Fulbright, whose Durham, N.C., firm manages \$35 million.

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