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December 4, 2013

Senate Committee on Small Business & Entrepreneurship  
Attn: Editorial and Document Section  
Rm: 428A  
Russell Senate Office Building  
Washington, D.C. 20510

RE: Affordable Care Act Implementation: Examining How to Achieve a Successful Rollout of the Small Business Exchanges

H&R Block is the world's largest consumer tax services provider. During our most recent fiscal year, which ended on April 30, 2013, we prepared more than 22 million U.S. tax returns. More than 5 million of those were prepared by small business owners who own and operate, through our franchise program, more than 40% of our 10,000 retail tax offices.

The Patient Protection and Affordable Care Act (ACA) creates a new intersection between health care and taxes. Since the law was enacted in 2010, we have been studying the impact to individual taxpayers and small businesses. Small business owners are tasked not only with navigating these complex provisions to understand the impact to their personal federal tax return filing requirements, but also the impact to their businesses and employees.

As a result, we have a strong interest in identifying taxpayers' knowledge and understanding of the tax implications of the ACA. To that end, we conducted two surveys with ORC International, one in September 2012, and one in April 2013. During the past tax season we also conducted a series of panel discussions engaging the general public, government officials, nonprofit organizations and small businesses.

The surveys indicate consumers know very little about the ACA's tax impact, including both the availability of tax subsidies and the shared responsibility payment. Specifically,

- three out of four taxpayers don't know what it takes to become eligible for health insurance under the new law,
- 35 percent of respondents aged 18-34 were not aware of the possible tax penalty for not obtaining health insurance, and
- 44 percent of the respondents indicated that they were most likely to seek out information on the ACA from their employer.

Yet, our surveys and panel discussions echo the testimony of Ms. Marianne O'Brien Markowitz, Regional Administrator of the U.S. Small Business Administration, before the Committee on November 20<sup>th</sup>, 2013: that there is a great deal of misinformation surrounding the ACA among small business owners.



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In the next few months, millions of these taxpayers will turn to their trusted tax advisors to file their 2013 federal income tax returns. H&R Block believes this presents a significant opportunity to perform educational outreach and our 80,000-plus tax professionals and associates will be doing their part to help fill the education gap. You can see an example of our efforts at [helpth.com](http://helpth.com)

We are also partnering with GoHealth, a web-broker entity (WBE), to provide enrollment assistance for our clients who may be in the market for health insurance. On November 25, the Department of Health and Human Services issued proposed regulations that would allow WBEs to assist small employers and their employees enroll in health insurance through the Small Business Health Options Program. We are encouraged by this development as we believe it would help achieve a successful rollout of these small business exchanges.

We have attached the following report, which summarizes our surveys and panel discussions mentioned above: *Understanding the Implications of the Affordable Care Act: Enrollment, Education and Taxes*. The section on small businesses starts on page 11.

We would welcome the opportunity to discuss this report as well as our unbiased education and outreach efforts around this new, complex intersection of healthcare and taxes.

Thank you for your consideration.

Kathy Pickering  
H&R Block's Vice President of Government Relations and Executive Director of the Tax Institute at H&R Block.