

Karen Fullerton
Benefits Officer

August 27, 2013

Re: Exchange Notice Requirement-Affordable Care Act - Local Church Must Take Action

Dear Head Pastor/Staff-Parish Relations Committee Chair/Church Administrator:

Accompanying this letter, please find four documents related to the *Exchange Notice Requirement*—a new requirement under the Affordable Care Act (ACA) that may directly affect your local church and its employees. These documents will help you understand and comply with the Exchange Notice Requirement.

The ACA requires all employers that are subject to federal wage and hour laws (the Fair Labor Standards Act, FLSA) to distribute a Notice (also accompanying this letter) to *all* full-time and part-time employees—whether or not they are covered in the employer's health plan. The Notice describes the new *Health Insurance Marketplaces* (often called "Exchanges") and how an employee can contact the Marketplace to purchase coverage. The Notice must also warn the employee of the loss of favorable tax treatment of his or her employer-sponsored health coverage, if any, if he or she purchases coverage through the Marketplace instead of through an employer-sponsored plan (if available).

Please read this material carefully. **Employers including local churches must provide this notice to all employees NO LATER THAN OCTOBER 1, 2013.** The Notice may be mailed or e-mailed to all employees. (See enclosed *Health Care Reform for UMC Local Churches: Required Notice to All Employees* for more details.)

Accompanying this letter are the following:

1. A summary of the Notice Requirement to help you understand it (*Health Care Reform for UMC Local Churches: Required Notice to All Employees*). (Pink)
2. A copy of the template forms from the U.S. Department of Labor—*Choose the form that best suits your situation as an employer*; these may be made employee specific if you offer multiple insurance plans, e.g. HealthFlex and your lay plan:
 - a. The **Form for an employer that provides health insurance coverage to some employees (yellow -blank)**,
 - i. **See HealthFlex version for employees with NGC coverage (yellow)**, or
 - b. The **Form for an employer that does not provide any health coverage to employees (Green)**.
3. A guidelines summary to help you complete the template form (*ACA Notice Requirement Helpful Hints for Local Churches*). (Blue)
4. A letter that your church can send to its clergy and lay employees with the Notice (*Sample Exchange Notice Cover Letter*). (White)

The ACA establishes health benefit Exchanges (“health insurance marketplaces”) in every state. Exchanges will have web portals through which individuals can purchase qualified health plan (QHP) coverage. QHPs are qualified health plans that cover “essential health benefits” established under the ACA. QHPs must provide benefits at various levels—called “bronze” (60%), “silver” (70%), “gold” (80%) and “platinum” (90%).

The ACA provides federal subsidies (premium tax credits or PTCs) to assist lower- and middle-income taxpayers with purchasing coverage through the Exchanges. To be eligible for a PTC, an individual must have a household income for the taxable year between 100% and 400% of the federal poverty level (FPL) for the individual’s family size (estimated between \$12,000 and \$48,000 for an individual, or between \$24,500 and \$98,000 for a family of four in 2014). Household income is the modified adjusted gross income (MAGI), i.e., total earnings or adjusted gross income as appears on one’s income tax form (“adjusted gross income” on *IRS Form 1040* or “total income” on *IRS Form 1040EZ*).

However, PTCs are not available to anyone who is offered employer coverage that: 1) covers a minimum value as established by the ACA, and 2) is affordable to them, meaning the employer plan does not cost the individual employee more than 9.5% of his or her MAGI for self-only coverage. Coverage of this sort, when offered by an employer, disqualifies an employee (and the employee’s dependents who have been offered coverage regardless of the added cost for their coverage) from receiving a PTC for ACA coverage.

It is important to understand that The North Georgia Annual Conference maintains a rule whereby local churches are required to cover full-time appointed clergy in the annual conference health plan. This rule remains in effect despite establishment of the Exchanges under the ACA and the potential availability of PTCs (Premium Tax Credits) for clergy. The annual conference will continue to bill the local church for that coverage in 2014. The annual conference’s policy is in place to maintain equity in benefits and costs across many local churches’ clergy in the conference. The conference is studying the impact of the ACA and Exchanges on its health coverage strategy for the future and will inform you if conference policies change as a result.

Please note: The annual conference is providing these materials as an informational and educational service to its local churches and other salary paying units (employers). This information should not be read to imply that the annual conference is the employer of any employees receiving the notice from local churches or SPUs. The materials should not be construed as, and do not constitute legal advice or other professional advice on any specific matter. The annual conference expressly disclaims all liability in respect to actions taken or not taken based on the contents of this update.

Please contact Karen Fullerton or Valerie Henry with questions. You can read more details about this requirement or about the Affordable Care Act generally on the General Board of Pension’s web page at www.gbophb.org/health_welfare/healthcarereform/index.asp.

Sincerely,



Karen Fullerton
Benefits Officer