

September 9, 2013

To: Treasurers of Local Churches  
(to be shared with S/PPRC Chairpersons)

Re: **Exchange Notice Requirement—Affordable Care Act (*Local Church Must Take Action*)**

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, i.e., local churches**, 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,<sup>1</sup> must provide this notice to all employees NO LATER THAN OCTOBER 1, 2013**. The Notice may be mailed or e-mailed to all current employees. For employees hired between October 1, 2013 and December 31, 2013, the Notice must be provided on the employee start date. For employees hired on or after January 1, 2014, the Notice must be provided within 14 days of hire.

Accompanying this letter are the following:

1. A copy of the template form from the U.S. Department of Labor—For Western North Carolina United Methodist local churches, the form for an employer that provides health insurance coverage to some employees has been provided, as this form should be provided to both clergy and lay employees, as applicable. Both a blank form and a sample form have been provided.
2. A guidelines summary/instructional sheet to help you complete the template form (***ACA Notice Requirement Helpful Hints for Local Churches***).
3. **Optional:** A letter that your church can send to its clergy and lay employees with the Notice (***Sample Exchange Notice Cover Letter***).

The blank US Department of Labor form and the optional employer cover letter (number 1 and 3 above) are available in the Documents section on our administrative website [www.wnccadmin.org](http://www.wnccadmin.org).

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<sup>1</sup> Generally, the FLSA applies to church employers. However, if a local church is uncertain whether it is subject to the FLSA, the most prudent approach would be to provide this Notice to all employees.

## General ACA Information

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.

## Conference Information

It is important to understand that your annual conference maintains a rule whereby local churches are required to cover appointed clergy serving more than half-time in the annual conference health plan. This rule remains in effect for 2014 despite establishment of the Exchanges under the ACA and the potential availability of PTCs for clergy. **The Western North Carolina 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 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 either myself or Dale Bryant with any and all questions. You can read more detail about this requirement or about the ACA generally on the General Board’s health care reform **web page** at [www.gbophb.org/health\\_welfare/healthcarereform/index.asp](http://www.gbophb.org/health_welfare/healthcarereform/index.asp).

Sincerely,

Jennifer L. Burton  
Conference Treasurer/Benefits Officer



# New Health Insurance Marketplace Coverage Options and Your Health Coverage

Form Approved  
OMB No. 1210-0149  
(expires 11-30-2013)

## PART A: General Information

When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment-based health coverage offered by your employer.

### What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

### Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

### Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.<sup>1</sup>

**Note:** If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution—as well as your employee contribution to employer-offered coverage—is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

### How Can I Get More Information?

For more information about your coverage offered by your employer, please check your summary plan description or contact \_\_\_\_\_.

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit [HealthCare.gov](http://HealthCare.gov) for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

<sup>1</sup> An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs.

## PART B: Information About Health Coverage Offered by Your Employer

This section contains information about any health coverage offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

3. Employer name		4. Employer Identification Number (EIN)	
5. Employer address		6. Employer phone number	
7. City	8. State	9. ZIP code	
10. Who can we contact about employee health coverage at this job?			
11. Phone number (if different from above)		12. Email address	

Here is some basic information about health coverage offered by this employer:

- As your employer, we offer a health plan to:  
All employees.

Some employees. Eligible employees are:

- With respect to dependents:  
We do offer coverage. Eligible dependents are:

We do not offer coverage.

If checked, this coverage meets the minimum value standard, and the cost of this coverage to you is intended to be affordable, based on employee wages.

\*\* Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, [HealthCare.gov](https://www.healthcare.gov) will guide you through the process. Here's the employer information you'll enter when you visit [HealthCare.gov](https://www.healthcare.gov) to find out if you can get a tax credit to lower your monthly premiums.

The information below corresponds to the Marketplace Employer Coverage Tool. Completing this section is optional for employers, but will help ensure employees understand their coverage choices.

**13. Is the employee currently eligible for coverage offered by this employer, or will the employee be eligible in the next 3 months?**

**Yes** (Continue)

13a. If the employee is not eligible today, including as a result of a waiting or probationary period, when is the employee eligible for coverage? \_\_\_\_\_ (mm/dd/yyyy) (Continue)

**No** (STOP and return this form to employee)

**14. Does the employer offer a health plan that meets the minimum value standard\*?**  
Yes (Go to question 15)      No (STOP and return form to employee)

**15. For the lowest-cost plan that meets the minimum value standard\* offered **only to the employee** (don't include family plans): If the employer has wellness programs, provide the premium that the employee would pay if he/ she received the maximum discount for any tobacco cessation programs, and didn't receive any other discounts based on wellness programs.**

a. How much would the employee have to pay in premiums for this plan? \$ \_\_\_\_\_

b. How often?      Weekly      Every 2 weeks      Twice a month      Monthly      Quarterly      Yearly

If the plan year will end soon and you know that the health plans offered will change, go to question 16. If you don't know, STOP and return form to employee.

**16. What change will the employer make for the new plan year?**

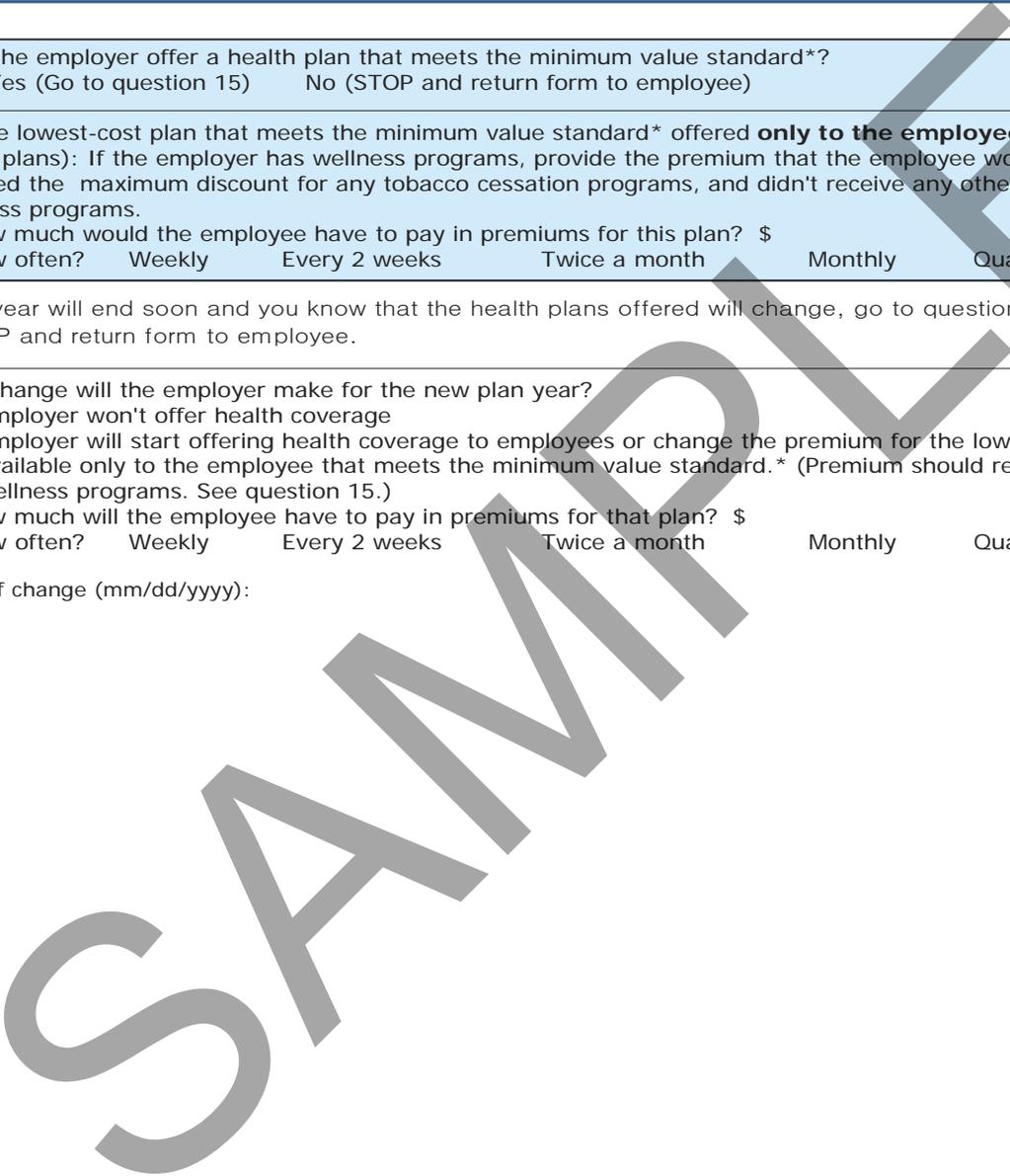
Employer won't offer health coverage

Employer will start offering health coverage to employees or change the premium for the lowest-cost plan available only to the employee that meets the minimum value standard.\* (Premium should reflect the discount for wellness programs. See question 15.)

a. How much will the employee have to pay in premiums for that plan? \$ \_\_\_\_\_

b. How often?      Weekly      Every 2 weeks      Twice a month      Monthly      Quarterly      Yearly

Date of change (mm/dd/yyyy): \_\_\_\_\_



\* An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs (Section 36B(c)(2)(C)(ii) of the Internal Revenue Code of 1986)



August 1, 2013

## **ACA Exchange Notice Requirement—Template Form Helpful Hints for Local Churches and SPUs (modified for use in Western North Carolina Conference)**

The following is a guide to assist local churches and other salary-paying units (SPUs) in the Western North Carolina of The United Methodist Church with providing the required Exchange Notice under the Affordable Care Act (ACA) to their employees. This Notice describes the new Health Insurance Marketplaces (previously called “Exchanges”). The Department of Labor (DOL) has released two template forms for employers to rely upon in fulfilling this requirement:

- **Notice for employers that offer a health plan to some or all of its employees**
- **Notice for employers that *do not* offer a health plan**

Churches that provide coverage to clergy and not lay employees should use the form for employers that offer coverage to some employees. Employers that offer coverage must use the “Notice for employers that offer a health plan”—even if all employees decline that coverage. Employers should modify the template with certain information as described below regarding the employer and, if applicable, its health plan. **For the Western North Carolina Conference, we are utilizing the Notice for Employers that offer a health plan to some or all of its employees as each church will need to provide this form to all clergy and lay employees, full- or part-time, of the local church.** The instructions below apply to this form only. Information will be provided below as to how to complete if only clergy participate in a plan, or if the church provides health insurance coverage to its clergy and lay employees who are not provided coverage under the Conference plan.

### **Completing the Notice Template Form—Employers Offering Health Coverage to Some Employees (including clergypersons under appointment)**

#### **Part B: Information About Health Coverage Offered by Your Employer**

- Box 3: Enter the full name of the local church or other SPU.
- Box 4: Enter the employer identification number (EIN) or taxpayer identification number (TIN) of the local church/SPU. If the local church shares an EIN or TIN with another employer, such as a day care center, the local church may need to coordinate distribution of this Notice with that affiliated employer. This should be the same EIN/TIN utilized on the Form W-2s provided to employees at the end of the year.
- Box 5: Enter the street address of the local church/SPU.
- Box 6: Enter the main telephone number of the local church/SPU.
- Boxes 7, 8, 9: Enter the city, state and ZIP code of the local church/SPU.
- Box 10: Enter the name of the officer or employee at the local church/SPU whom the Health Insurance Marketplace (the “Exchange”) should contact with questions. (For local churches that may not have anyone readily available to address benefits questions, enter the name of the conference benefits officer - Jennifer L. Burton)
- Box 11: Enter the telephone number (the direct line) for the person or position named in question 10. (Conference direct line to Jennifer L. Burton is 704-535-2260)

- Box 12: Enter the e-mail address for the person or position named in question 10. (Jennifer Burton’s email address is [jburton@wnccumc.org](mailto:jburton@wnccumc.org) )

*Completing the section after question 12:*

- Answer the questions about the health plan offered by the local church/SPU. For example, indicate which employees are eligible for the plan. This may include only the appointed clergyperson or may also include lay employees. It also may include only full-time or some part-time employees. For the appointed clergypersons, you will want to note “United Methodist clergy serving 30 plus hours per week”. If the church provides coverage for other clergy or lay employees, you will want to so state.
- Indicate whether or not the plan offers coverage to dependents of the eligible employees. If coverage is offered to dependents, describe eligible dependents (i.e., spouse, children) in the space provided. The Conference Health Plan does offer coverage to spouses and children of the eligible employees.
- *Last box on the page 2:* Check this box if the health plan offered meets the “minimum value” requirement under the ACA. This means that the plan is expected to cover at least 60% of the cost of claims (in other words, the plan has a 60% actuarial value).
  - As your church or SPU offers coverage for its clergy through the Western North Carolina Conference plan, it does satisfy minimum value.
  - If your church or SPU offers coverage for other employees through an insurance company, you should check with the issuer about minimum value.

*Questions 13 through 16 are optional. The local church is not required to complete them before giving the Notice to employees.* The Notice does not need to be customized to each employee. However questions 13-16 correspond to questions that employees must answer in their application for coverage through the Marketplace. Therefore, completing questions 13-16 on this Notice may help your employees understand and obtain coverage through the Marketplace where applicable. Suggested answers are below:

- 13: Indicate whether the employee is currently eligible for the local church’s/SPU’s health plan, or whether a waiting period applies. No waiting period applies for the Conference Health Plan.
- 14: Indicate whether the plan provides minimum value (see above for more about minimum value).
- 15: Indicate the premium that the employee has to pay for coverage (this is the portion of the underlying premium paid to the annual conference or insurance company that the employee himself or herself is responsible for paying), and the applicable frequency (monthly, weekly, etc.) that the premium is paid.
- 16: If the local church/SPU intends to cease offering coverage soon or will make changes to the plan or the premiums soon, indicate so here. As of current knowledge and information, no changes to the Western North Carolina Conference health plan or premiums will be forthcoming for the calendar year 2014.

### **More About the ACA Marketplace and Other ACA Requirements**

The Center for Health monitors the ACA reform and provides applicable information for annual conferences, local churches and other UMC employers, as well as information for individuals employed through The United Methodist Church. However, your conference office should be your first point of contact for more detailed information about Notice requirements. We encourage you to check the Center for Health’s **health care reform web page** at [www.gbophb.org/health\\_welfare/healthcarereform/index.asp](http://www.gbophb.org/health_welfare/healthcarereform/index.asp) frequently for general updates.

### **Questions and Information**

If you have questions or would like additional information, please send your inquiries to [healthcarereform@gbophb.org](mailto:healthcarereform@gbophb.org). General information about health care reform is available from the federal government at [www.healthcare.gov](http://www.healthcare.gov).

***Disclaimer:** These updates are provided by the General Board of Pension and Health Benefits as a general informational and educational service to its plan sponsors, the annual conferences, plan participants and friends across The United Methodist Church. The updates should not be construed as, and do not constitute, legal advice nor accounting, tax, or other professional advice or services on any specific matter; nor do these messages create an attorney-client relationship. Readers should consult with their counsel or other professional advisor before acting on any information contained in these documents. The General Board expressly disclaims all liability in respect to actions taken or not taken based on the contents of this update.*

<DATE>

Dear Clergy person or Lay Employee:

As your day-to-day employer<sup>1</sup>, we are required to send you the enclosed notice: *New Health Insurance Marketplace Coverage Options and Your Health Coverage*. This notice has been prepared by the U.S. Department of Labor to inform employees nationwide about new health insurance options offered as a provision of the Affordable Care Act (ACA, i.e., the federal health care reform legislation). *We have customized information on page 2 (and page 3, if applicable) regarding your health coverage—please read the document carefully.*

Under the ACA, the Health Insurance Marketplaces (previously called “exchanges”) go into effect January 1, 2014. Open enrollment for the Marketplaces begins **October 1, 2013**.

**Important:**

*If you currently are **eligible** for employer-sponsored health insurance coverage, one of the following scenarios will apply:*

- You might continue to be eligible for employer-sponsored health insurance in 2014—so no action would be required on your part. **This scenario will apply to most churches, with respect to appointed United Methodist clergy serving more than 30 hours per week.**

**OR**

- You might cease to be eligible for employer-sponsored health insurance in 2014—and if so, you may become eligible for coverage and possibly government assistance (a premium tax credit or PTC) through the Marketplace.

**OR**

- You might continue to be eligible for employer-sponsored insurance, yet *choose* to purchase coverage through the Marketplace instead. **Please note: If you choose this option, you will not be eligible for government assistance for marketplace coverage—**unless your employer-sponsored coverage was not affordable to you (meaning that the cost to you for self-only coverage is more than 9.5% of your household income). Moreover, **you will lose any contribution that your church might have made toward your monthly premium payment, although the church will continue to be invoiced for health coverage each month during 2014. You would be responsible for paying the full premium amount of your policy.**

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<sup>1</sup> **For clergy:** Under the Affordable Care Act, your “employer” is your salary-paying unit—typically the church or ministry where you work on a day-to-day basis. This applies even if your annual conference administers your health benefits, and even for clergy who are considered “self-employed” for employment tax (SECA) purposes.

If you currently are **not eligible** for employer-sponsored health insurance coverage, one of the following scenarios will apply:

- Your employer might decide to extend health coverage to you by changing its eligibility criteria (for example, adding eligibility for lay employees or people working part-time). **If your employer expands eligibility, the employer (salary-paying unit) would inform you about relevant insurance details.**

**OR**

- You might continue to be ineligible for health insurance through your employer. **If you don't have insurance through your employer, you could choose to purchase insurance through the Health Insurance Marketplace** (see "About the Health Insurance Marketplace" below).

### **About the Health Insurance Marketplace**

- Within the state of North Carolina, we will be under a federal-based Marketplace.
- **If your household income ("adjusted gross income" or "total income" as shown on your federal income tax form) is between 100% and 400% of the federal poverty level (FPL, up to \$45,960 per individual or \$94,200 for a family of four in 2013), you might qualify for a premium tax credit (PTC) that makes your insurance more affordable.** See [www.healthcare.gov](http://www.healthcare.gov) ("**Individuals and Families**") for details.
- Open enrollment for the Marketplaces begins **October 1, 2013**.
- Find information about the Marketplace, PTCs and enrollment at [www.healthcare.gov](http://www.healthcare.gov).

You can read more about provisions of the Affordable Care Act as it applies to United Methodist Church employers on the General Board of Pension and Health Benefits' health care reform web page at [www.gbophb.org](http://www.gbophb.org). For more information about the Health Insurance Marketplace and other features of the Affordable Care Act, visit [www.healthcare.gov](http://www.healthcare.gov).

Sincerely,

<Employer Name/United Methodist Church>