

The Affordable HealthCare Act (ObamaCare) Overview for NWMN Ministers & Churches



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Complicated? That is an understatement. They say that if you were to stack up all the legislation relating to The Affordable Care Act, it would be over six feet tall. The bill and the regulations consist of over 20,000 pages and about 30% is yet to be written along the way. Though the legislation passed in March 2010, it continues to change and evolve and we are all learning as we go along. I have received recent reports from pastors who indicate the new premium quote from their health insurance provider is substantially higher than what they have been paying. Yikes!

On the other hand, I am keenly aware that many of our ministers are serving or pastoring in churches or ministry environments where health insurance has not been an affordable option. Over the next year, you will need to find coverage, and hopefully the rates will be more affordable than past individual rates as the premium you pay will be based upon many factors including income, age, and family size. You will need to have a conversation with your church leadership about these new realities and your increased financial obligation to secure health insurance. How can the NWMN office help you with this? Since all of us are facing changes in this arena, I have prepared the following to answer the most common questions on these issues. I hope you'll take the time to read on and become informed.

Why can't the Northwest Ministry Network just provide a group healthcare plan?

I am frequently asked this question. In fact, this is the number one question on healthcare we have received over the past several years. As with everything else related to insurance and healthcare, the complete answer is somewhat complicated, however the simple answer is that such a plan does not exist. Believe me, for years we have explored every option and alternative. We have spoken with multiple healthcare providers. Despite what some insurance agent may tell you, there is no company willing to insure a group that cannot make participation compulsory for all members, and none willing to accept an association group where participation is optional. The reason? With the median age of NWMN ministers being in the 50

something area, the younger ministers would pay an unreasonable premium for helping to insure the older ones. No one under 50 would opt for such a plan, and we could not make it compulsory. With ObamaCare, the government is actually mandating such a compulsory plan and we will all feel the effects in one way or another.

I have provided links below to give you more information, and some depend upon whether you live in Idaho or Washington.

But first, here is a brief review. There are two parts to ObamaCare: the corporate mandate and the individual mandate. The corporate mandate's effective date has been pushed back to January 1, 2015. It primarily focuses on companies or churches that have 50 or more full-time equivalent employees. For churches, this includes church schools, day care centers, remote sites, after school programs, and retirement homes with more than 50 full time employees. It should be noted that small businesses of less than 50 full-time equivalent employees are not penalized for (a) not offering any coverage or (b) offering coverage that is either not affordable or doesn't meet minimum value.

Here are some key components that will be implemented prior to Jan. 1, 2014:

- Dependent coverage to age 26
- No pre-existing condition limitations for enrollees up to age 19
- No lifetime limits on benefits
- Preventive care co-pays are eliminated
- Form W-2 reporting of company (church) paid health insurance premiums required

An important part of the Individual Mandate goes into effect October 1, 2013. Exchanges, also called Market Places, are set up to help individuals, and in some cases small companies, obtain or shop for insurance.

For information on the **Washington State Exchange** go here: <http://www.wahbexchange.org/>

For information on the **Idaho State Exchange** go here: <http://www.yourhealthidaho.org/>

It is the responsibility of each employer (church) to notify all of their full-time and part-time employees about the Exchanges before October 1, 2013. Note that there is almost no

exemption from this notification for churches. All employers subject to the Fair Labor Standards Act as well as any employer that is engaged in interstate commerce must provide this notice. Also note that if an employer plans to maintain a "grandfathered" plan under the ACA, the employer must send certain notices about the grandfathered plan when distributing plan materials, known as a "Grandfathered Notice" which is different from the exchange notice. Originally, this October 1st deadline was very significant, as there was going to be a fine in the amount of \$100.00 per day per employee for employers that failed to send notices to their employees. However, as of Sept 11th, 2013 the Department of Labor reported that no fine will be assessed on an employer's failure to deliver these notices. Although there is no fine, you are still required to deliver the notices. You may access this link for more information: <http://www.ecfa.org/Content/No-Penalties-for-Employers-that-Fail-to-Provide-Notice-of-State-Exchanges>

If your church provides health care insurance, please speak with your health insurance agent to help you put together this form for your employees. You can also go to <http://www.dol.gov/ebsa/healthreform/> to print a model form to use. Forms are available for both employers who offer a health care plan and employers that do not offer a plan.

For many churches, it may be in their best interest, and the best interest of their employees, to not provide any health insurance. You will need to consult the Exchange and/or an individual insurance broker or agent to discover the best solution in your situation. The NWMN office may help point you in the right direction, and staff here are learning just like everybody else. Greg Stern, the NWMN Director of Operations and Finance, is working hard to keep us all informed and up to date on new developments. Greg is collaborating with agents and healthcare providers to sort out the healthcare dilemma.

An individual can get their premiums subsidized with Federal assistance based on their modified adjusted gross income (MAGI). This subsidy is for taxpayers who earn between 133% - 400% of the federal poverty level and is ONLY available on insurance purchased through the exchange. While the numbers are different for each family and each state, here is an example.

A pastor with a MAGI (after deducting housing allowance) of \$45,000 who is age 38 and whose spouse is age 36 with 3 children would pay \$168.66 monthly as their share of the insurance. To

calculate what your share of the insurance would cost based on your particular situation, you can go to <http://kff.org/interactive/subsidy-calculator/> and scroll down to the “Enter Information About Your Household” section. Complete lines 2-6 (the amount to enter in line 2 is the amount on line 37 of your 2013 income tax return plus any estimated increase for 2014). Then click “Submit” and look at the 4th line which says “Amount You Pay for the Premium”. This is an annual amount so you can divide it by 12 to determine your monthly premium amount. The exchange has the authority to audit your tax return to see if you actually made what you told them in your year- end estimate.

While there is talk that the dates to sign up for this will be extended, the current enrollment period is from October 1, 2013, to December 31, 2013. DO NOT MISS OUT.

For those people who try to go without insurance, the IRS will “fine” them when they pay their taxes for the 2014 tax year. While the fine for 2013 is not that large (1% of your income), it will go up each year as they use this tool to encourage everyone to have insurance.

Some churches may qualify for a credit on healthcare premiums paid. There are many complicated rules on this. For a thorough explanation: <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-Questions-and-Answers:-Calculating-the-Credit>

Because the Affordable Care Act is so complicated, and the landscape seems to be constantly evolving, please exercise caution as you seek solutions.

Please be aware that the confusion in implementation will open the door to a plethora of scammers. If someone calls or emails you saying that they are from the exchange do NOT give out your confidential information, like your social security number. The exchanges have no plans to proactively contact people. And it goes without saying, do not believe everything you read on the internet, or hear on radio talk shows!

Websites:

Federal Government Website to explain and provide details about The Affordable HealthCare Act: <https://www.healthcare.gov/>

Highly rated non-profit foundation website with information about The Affordable HealthCare Act: <http://kff.org/>

You may contact the NWMN office for further help:

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