



Dear Minister,

I need to write you to remind you that the federal government has set a July 1 date to implement certain requirements of the Affordable Care Act, and failure to comply with these requirements could result in fines to the church of \$100/day/employee. They are very serious about this!

Let me summarize the three most important and relevant ones. (Disclaimer—I'm not an attorney, and the law is very complicated. In my effort to be brief I will inevitably omit or misstate something. Churches need to consult with their insurance agent and attorney about how the law applies in their circumstances.)

1. **One Then All Rule.** Employers with less than 50 Full Time employees are not required to provide health insurance to their employees. BUT, if they provide health insurance for even one FT employee they must provide for all FT employees. (Full Time is defined as those that work more than 30 hours per week.)
2. **Market Reform Rule.** Coverage and nondiscrimination requirements have been increased on group plans. Policies with annual dollar limits or that don't provide an array of preventive services are "not compliant" as group policies. Employers may combine Medicare with their compliant group plan, but they cannot combine Medicare with individual plans or a non-compliant group plans.
3. **No Reimbursements Rule.** Employers can no longer reimburse employees for individual health insurance premiums or out of pocket medical costs unless the individual insurance policy satisfies market reforms (and most do not, except Medicare plans and supplements—these are usually compliant.) "Don't reimburse" is the rule.

There are two acceptable remedies for most churches:

1. Offer to all full time employees a group medical plan that meets all of the market reforms, and pay the premium directly to the insurance company. Your church may qualify to purchase a compliant group plan through the Small Business Health Options Program.
2. Cancel any type of medical insurance or reimbursement to any/all employees. THEN make the decision to give undesignated (and taxable) salary increases to whichever employees you choose. The employee can do whatever they want with the increase. (Although they SHOULD use the increase to purchase an individual policy, otherwise they will get fined at tax time. But that is their decision.)

Whatever decision your church makes, please do so before July 1, make it official, and record it in the minutes.

What about the District's Endorsed Group Plan with Omni Risk? This group plan is being discontinued. The ACA law has made this group plan unnecessary and most have already abandoned it for more affordable plans through the state exchange. Omni Risk will contact the few remaining individuals to assist them to obtain coverage through the state exchange.

What about the District's Home Missions Health Insurance Subsidy? The subsidy plan is greatly affected by all three of the rule changes mentioned above. The DCDM office will be in contact with the Pastors involved to move their coverage to the state exchange and to arrange for a general benevolence assistance payment that won't violate the reimbursement rules.

**Contacts and Information:**

You can read more about this on Richard Hammar's website [www.churchlawtoday.com](http://www.churchlawtoday.com).

For individual legal counsel, you should contact an attorney. We can recommend Attorney Doug Duncan (there will be a fee, but the rates are reasonable.) [dougonsite@sbcglobal.net](mailto:dougonsite@sbcglobal.net). 209/339-9577

For assistance in setting up a group policy for your church or applying for an individual policy, we can recommend at Taylor Thorne at Omni Risk Insurance. [tthorne@omnirisk.com](mailto:tthorne@omnirisk.com) 916/343-3447

Dr. Jay A. Herndon  
District Secretary-Treasurer

5/21/2015