



Congregations & the Affordable Care Act

So now what do I do?

AUUA Professional Days 2013

Presented by the UUA Health Plan
and the Office of Church Staff Finances

Congregations & The Affordable Care Act – Today's Agenda

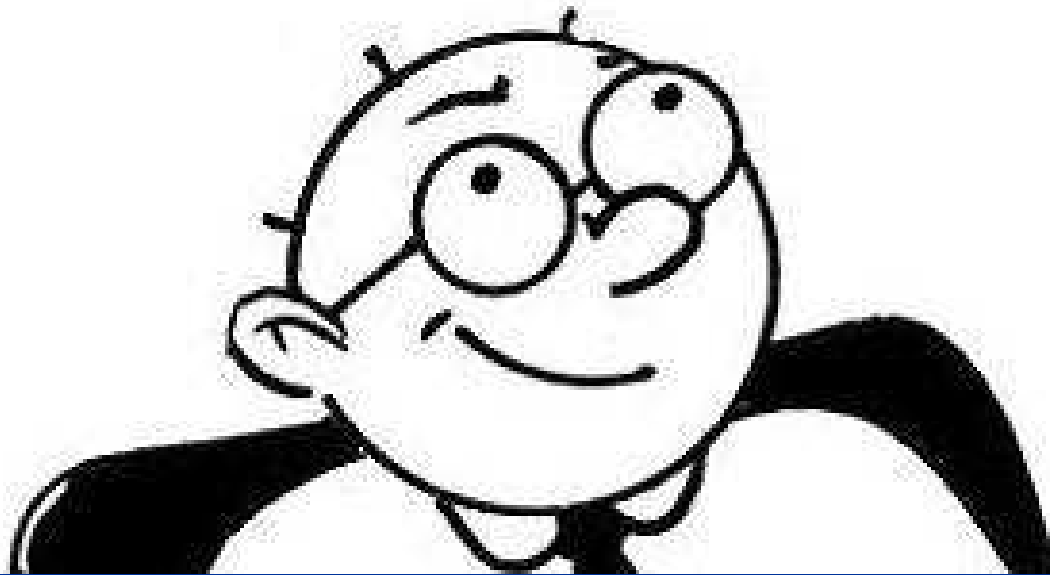
- Do we really have to do this?
- The jargon explosion
- How close are we to implementation?
- Things your staff will be asking
- Your obligations as an employer
- What decisions does your congregation have to make?
- Is the UUA Health Plan going to be part of all this?

Congregations & The Affordable Care Act –Today's Presenters

Jim Sargent, UUA Health Plan Director

Richard Nugent, OCSF Director

MEANINGLESS JARGON
SPOKEN HERE





“This is gobbledeygook. I asked for mumbo-jumbo.”

ACA mumbo-jumbo

- PPACA, ACA, RomneyCare, Obamacare
- Small Employer
- Exchanges
- Individual Mandate
- SHOP
- FLSA
- IRS, HHS, DOL
- Church Plans
- ERISA Plans

More mumbo-jumbo

- Medicaid
- PTC's
- MAGI
- FPL
- Age Rating
- Minimum Value Rule
- EHB's
- SBC
- Navigator

Getting the ACA To Work

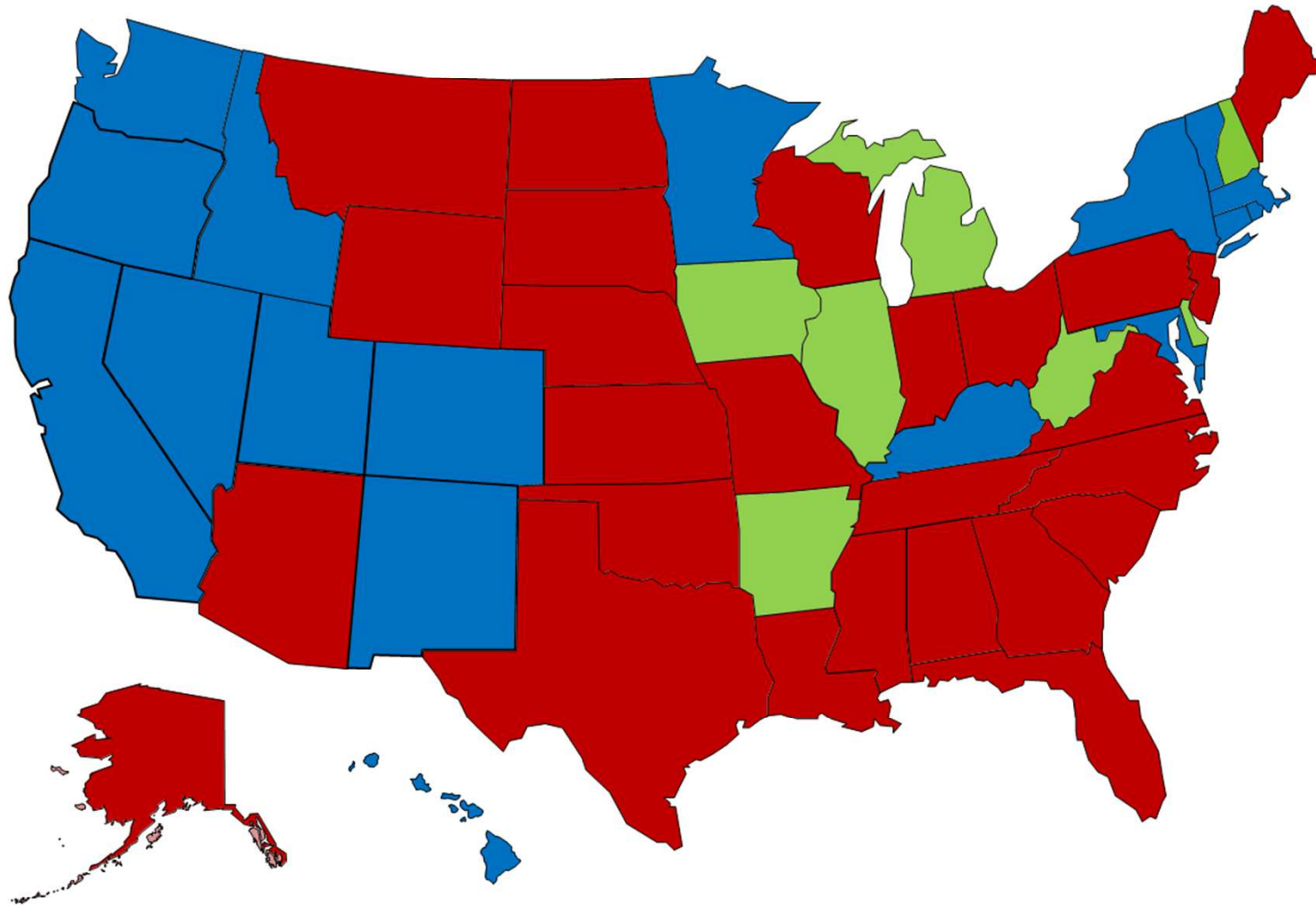
- Some ACA pieces already in place
 - Dependents to age 26
 - Women's preventive health services
 - Mental health parity
 - Minimum loss ratios
- D. C. dysfunction (or, how Republicans have tried 37 times to block the ACA)
- Does anyone know how much Exchange policies will cost?

What will an Exchange offer?

- Market reforms: guaranteed access & guaranteed issue, no pre-existing condition denials
- Community rating
 - Age: 3:1; Tobacco use: 1.5:1; Family size; Geography
- Essential Health Benefits
- Actuarial Value of Qualified Health Plans (QHPs)
 - Platinum: 90%
 - Gold: 80%
 - Silver: 70%
 - Bronze: 60%

Status of State Exchanges

March 2013



Things your staff will be asking

- Do you – my employer – have to offer me health insurance?
- Is there a penalty if I don't have health insurance?
 - Yes – 1% of income (min \$95) in 2014, 2% (min \$325) in 2015, 2.5% (min \$695) in 2016, indexed after that
 - 3X maximum family penalty
- Can I buy coverage on the Exchange?
- Will the congregation be penalized if I do?
- Am I eligible for a subsidy?
.....let's go a little deeper

Who is Excluded from PTCs?

Individuals:

- Covered by Medicare or Medicaid
- Covered by other government coverage, e.g., CHIP, TRICARE, VA, etc.
- Offered an affordable employer plan that covers minimum value
- Enrolled in an employer plan (even if not an “affordable” plan) Includes SHOP plans
- Married filing taxes separately
- MAGI > 400% FPL
- MAGI <100% FPL (Medicaid)

PTC Eligibility: % of FPL*

% FPL	Household Income (MAGI)			
	Single	Family of 2	Family of 3	
100%	\$11,850	\$15,996	\$20,142	\$24,454
138%	\$16,353	\$22,074	\$27,796	\$33,746
150%	\$17,775	\$23,994	\$30,213	\$36,681
200%	\$23,701	\$31,992	\$40,284	\$48,907
250%	\$29,626	\$39,990	\$50,355	\$61,134
300%	\$35,551	\$47,988	\$60,426	\$73,361
400%	\$47,401	\$63,984	\$80,868	\$97,815
>400%	>\$47,401	>\$63,984	>\$80,868	>\$97,815

* Estimated 2014 federal poverty level (FPL)

Basic affordability rule for congregations

- The employee is eligible for PTCs if employer plan is unaffordable, defined as --
 - >9.5.% of MAGI for self-only coverage

MAGI

- Modified adjusted gross income is defined (Code §36B) as taxpayer's adjusted gross income (AGI) defined in Code §62, increased by three items:
 - Amounts excluded under Code §911 (i.e., foreign income)
 - Amounts of tax-exempt interest
 - Amounts of the taxpayer's Social Security benefits excluded from gross income under Code §86
- In general, AGI can be found on the last line (line 37) of Page 1 of taxpayer's *Form 1040*
- **Clergy housing allowance NOT included in gross income**
- MAGI reduced by elective deferrals to 401(k)/403(b) plans

Affordability Example #1

- Rev. Ryan's MAGI = \$47,000
 - Total compensation: \$60,000 *minus*
 - \$10,000 housing allowance
 - \$3,000 pre-tax retirement plan contribution
- First Parish UU offers plan through UUA Health Plan
 - Rev. Ryan contributes \$1,800 for self-only coverage (3.8% of MAGI)
 - Rev. Ryan has “affordable coverage”
 - **Ineligible** for PTC

Affordability Example #2

- Rev. Ryan has spouse and three kids
 - Rev. Ryan pays \$6,000 for family coverage
 - Contribution = **12.8% of MAGI**
- But, \$1,800 is cost for *self-only* coverage, which is < 9.5% of MAGI (3.8%)
 - Plan is *affordable* for Rev. Ryan *and* family (despite costing 12.8% of MAGI)
- Rev. Ryan, spouse and kids have *affordable coverage* and are **ineligible** for PTCs

How the employer is pulled in

- Employee enrolls in exchange and chooses a Qualified Health Plan (QHP)
- Exchange verifies employer coverage if possible
 - (in 2014 only FEHBP or SHOP); database in later years
- Enrolls individual based on attestation of no employer coverage or unaffordable coverage
- Exchange verifies random individuals
 - Notifies individual that it will contact employer
- Exchange contacts employer
- Employer can appeal exchange eligibility

Your ACA obligations as an employer

- Notification — “New Health Insurance Marketplace Coverage Options and Your Health Coverage”
 - Mandatory notice
 - No exception for small employers
- Help with the Exchange application , Appendix A
 - Non-compliance penalty is still TBD
 - Documentation is critical
- Respond to government inquiries
- Keep a record of all ACA interactions

Decisions you have to make before October

- What plans will you offer?
 - The UUA Health Plan Subscriber Agreement
 - Setting the floor on “affordability”
- What will you do with your contributions?
 - Affects “affordability”
 - Affects eligibility for tax subsidy under SHOP
- Will you explore SHOP?
 - Are you willing to go with a single plan?
- Will you stop offering health insurance altogether?
 - Contractual issues
 - Employee relations issues
 - Tax implications for staff

How will the UUA Health Plan be part of the ACA solution?

- A plan based on or shared UU values
- A solid history of benefit enhancements, often way ahead of mandates
- Rate increases far below the market average
- A stable surplus
- Portability
- A staff dedicated to making the Plan work for you
- We have the bugs worked out, in all 50 states and DC
- Still in the works – the question of Church Plans and their eligibility for PTC's

Five websites you should bookmark now

- [HealthCare.gov](https://www.healthcare.gov)
- [CMS.gov](https://www.cms.gov)
- [DOL.gov](https://www.dol.gov)
- [KFF.org](https://www.kff.org)
- [UUA.org/healthplan](https://www.uua.org/healthplan)

**Warning!! – The next slide is scary
and has way too many words**

Your Responsibility as an Employer – Keeping Accurate Records

- **Personnel file:** offer letter, employment agreement, copy of driver's license, name changes, termination letter, employment contract
- **Insurance file:** Benefit election/rejection, enrollment forms, children's birth certificates, adoption/guardianship documents, beneficiary changes, **all ACA interactions**
- **Payroll file:** W-4, past years' W-2 copies, pre-tax elections, authorization for payroll deductions, actual hours worked or "full time", etc. tied to a written definition, insurance premium & retirement plan contributions
- **Separate I-9 file**

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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.¹

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 for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

*Note: This form is the latest published version,
as of June 28. Before you give it to your
staff, check www.dol.gov.*

¹ 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 First Parish UU		4. Employer Identification Number (EIN) 04-2659932	
5. Employer address 23 Mem Street		6. Employer phone number	
7. City Boston	8. State MA	9. ZIP code 02108	
10. Who can you contact about employee health coverage at this job? John Alden - Administrator			
11. Phone number (if different from above) 617-942-2100		12. Email address jalden@fpuu.org	

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:

Anyone who works at least 750 hours/year

- With respect to dependents:

We do offer coverage. Eligible dependents are:

Spouse and dependent children to age 26

We do not offer coverage.

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 will guide you through the process. Here's the employer information you'll enter when you visit HealthCare.gov to find out if you can get a tax credit to lower your monthly premiums.

* Note - "Affordable" means that the net cost, after employer contributions, for employee-only coverage, for the least expensive plan you offer is not more than 9 1/2% of W-2 wages.

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? \$ 112.35

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):

* Note - You likely will not know on October 1 how your plans will change. You do not have to take a guess.

* 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)