Health Care Reform: Church Health Plan Act of 2013 Introduced in Congress

On June 13, 2013, Senator Mark Pryor (D-AR) and Senator Chris Coons (D-DE) introduced the *Church Health Plan Act* of 2013 (S. 1164) into the U.S. Senate. Senator Pryor’s press release about the Church Health Plan Act can be found [here](#).

The bill would make technical corrections to the Patient Protection and Affordable Care Act (ACA), which would help to strengthen church health plans. The bill would extend small business tax credits to local churches and individual premium tax credits to clergy and lay employees in self-insured multiple employer church health plans that provide benefits equivalent to ACA qualified health plans.

General Board Supports the Senate Bill

The General Board of Pension and Health Benefits (General Board) is part of the Church Alliance, which actively supports this legislation. The General Board encourages plan sponsors and covered participants in The United Methodist Church to become informed about the bill and to also support it. The General Board may contact HealthFlex plan sponsors and plan sponsors of other annual conference health plans to seek help with efforts underway in support of the Church Health Plan Act of 2013.

What the Bill Does

The bill would permit small churches participating in self-insured, multiple-employer church health plans (like the General Board’s HealthFlex plan and other self-insured annual conference plans) to continue to receive small business health care tax credits under the ACA in 2014 and beyond. Today, local churches can qualify for these tax credits through self-insured church health plans. But beginning in 2014, without this bill, these small employer tax credits can only be claimed by purchasing small employer plans through an ACA-established exchange (also referred to as “health insurance marketplaces”).

More importantly, the bill would make available to clergy and lay employees covered in self-insured, multiple-employer church health plans the federal subsidies (premium tax credits) available to lower-income individuals who purchase coverage through an ACA exchange beginning in 2014. Essentially, this would level the playing field for self-funded church health plans relative to the health insurance companies that provide plans through the exchanges. Covered clergy and lay employees could remain covered in their annual conference’s health plan, but receive the premium tax credits and cost-sharing reductions that they could qualify for (based on income) through an exchange plan.

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1The Church Alliance is a coalition of the chief executive officers of 38 church benefit programs. It includes mainline Protestant denominations, two branches of Judaism and Catholic dioceses, schools and institutions. The benefit programs provide retirement and health benefits to more than 1 million clergy, lay workers and their family members.
To qualify for this treatment, the bill requires a church plan to comply with most of the provisions of the ACA that apply to the qualified health plans to be sold on the ACA exchanges. It also allows the plans to continue to limit participation to their own denominations. The bill is “budget neutral,” meaning it should not increase the federal budget deficit, because the bill simply changes the mechanism through which churches and church employees can qualify for tax credits; it is not intended to make new groups eligible for them.

What the Bill Means
In The United Methodist Church, the bill would preserve and possibly strengthen annual conference health plans and the General Board’s HealthFlex by removing the incentive for local churches to opt out of conference health plans in order to adopt exchange plans with support through the small business tax credit, or cease to provide a plan and permit clergy and lay employees to seek exchange coverage on their own (with premium tax credit support).

If local churches and clergy remain in their conference health plans, it could reduce conference and denominational concerns about appointment challenges that can result when, for example, some clergy in an annual conference could qualify for federal subsidies and others would not. The bill also might ease the worry for annual conferences trying to decide whether or not to maintain a conference-wide health plan.

More Information
More about health care reform is available on the General Board’s health care reform webpage. Please send your questions to healthcarereform@gbophb.org. General information about health care reform is available from the federal government at www.healthcare.gov.

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