The Affordable Care Act (also called ACA, federal health care reform or sometimes “Obamacare”) expands health coverage to millions of previously uninsured Americans and makes significant changes to health insurance practices nationwide.

This document summarizes key features of the ACA that may affect you as a clergyperson or lay employee of The United Methodist Church (UMC). You can find additional information on health care reform at:

www.healthcare.gov (federal government website)  www.gbophb.org
ACA’s Key Features

This page summarizes key features of the Affordable Care Act (ACA) that may impact you.

Individual Mandate
Health insurance coverage is now mandatory for most individuals, or you can choose to pay a penalty tax.

Health Insurance Marketplace (also called “exchanges”)
A growing number of online marketplaces enable individuals and small employers to compare and choose health insurance options from a variety of insurance carriers. Open enrollment for 2015 coverage is November 15, 2015 – February 15, 2015.

Premium Tax Credit
The federal government will offer subsidies in the form of a refundable tax credit to help people afford health insurance. Eligibility and the amount of the tax credit are based on income.

Employer Mandate
Employers with at least 50 full-time equivalent employees will be required to offer health insurance or pay a penalty. (2015 for employers with 100+ full-time equivalent employees; 2016 for employers with 50-99 full-time equivalent employees)

Small Business Health Options Program (SHOP)
Small businesses will be able to purchase health coverage for their employees through SHOP exchanges.

Elimination of Pre-Existing Condition Exclusions
Adults can no longer be denied health coverage or charged higher premiums because of current or prior health conditions or claims. All health insurance will be available on a guaranteed issue basis.

Minimum Value Coverage
Insurance through employers must cover at least 60% of most medical costs. (Most annual conference health plans already meet this minimum value requirement.) Marketplace plans generally will also meet or exceed this 60% value requirement.

Essential Health Benefits
Health insurance plans must provide coverage for 10 categories of services or treatment, including hospitalization, emergency care, prescription drugs, doctor visits, mental health treatment and more. You will likely pay a portion of the cost for these services, and your insurance carrier pays the rest.

Previous ACA Changes
These helpful ACA changes have already been in place since 2011:

- Banning insurance companies from denying coverage for children with pre-existing medical conditions
- Adding coverage for dependent children up to age 26, even if they are not full-time students
- Eliminating co-payments, co-insurance and deductible payments for many preventive care services, so adults and children can receive checkups, age-appropriate immunizations and certain other preventive services without paying out-of-pocket fees
- Providing coverage for women’s preventive health care services received “in-network” under non-grandfathered insurance plans, including well-adult visits, certain screening tests and prescribed contraceptives (effective January 2013 for calendar-year plans including HealthFlex)

Important for HealthFlex Participants
Most participants currently covered by HealthFlex will remain in HealthFlex for 2015. If your plan sponsor ceases offering HealthFlex in the future, the plan sponsor will inform you about your options.
The “individual mandate” means that most Americans are required to have health insurance as of January 1, 2014. The individual mandate applies to all U.S. citizens and legal residents.

Health coverage can be provided through:

- **Employer-sponsored health plan** (i.e., through your current employer or a previous job);
- **Individual plan purchased through the Health Insurance Marketplace** (see page 5 for details) or an individual plan purchased through the private market;
- **Government-sponsored programs** [such as Medicaid, Medicare, Children's Health Insurance Program (CHIP) or TRICARE];
- **Spouse's health plan**, if applicable; or
- **Grandfathered plan** in place on or before March 23, 2010, which has not changed.

If you don't have health insurance, you will pay a penalty on your income tax return.

### Individual Mandate Exceptions

Some lower-income people are exempt from the individual mandate's penalty:

1. Individuals whose cost share (the amount they would pay for individual health insurance coverage) for the lowest-cost plan they can find (through an employer or a Marketplace) would be more than 8.05% of their modified adjusted gross income.

2. Individuals whose annual household income is below the income tax filing threshold (i.e., below $9,750 for an individual).

There are a few other exemptions for religious objectors to public and private insurance (e.g., the Amish), as well as undocumented aliens.

### 2015 Individual Mandate Penalties*

<table>
<thead>
<tr>
<th></th>
<th>Adult</th>
<th>Child Under 18</th>
<th>Family</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$325  or 2%</td>
<td>50%</td>
<td>Limited to 3x</td>
</tr>
<tr>
<td></td>
<td>of taxable income (whichever is greater)</td>
<td>of the adult amount in the first column</td>
<td>the dollar amount for individual adult</td>
</tr>
</tbody>
</table>

Maximum limited to national average premium for a “bronze” (60%) plan.

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*Penalties increase in 2016*
**“Affordability” and MAGI**

The individual mandate is based on “affordability” as determined by your modified adjusted gross income (MAGI or taxable household income). Your MAGI is shown on your federal income tax form:

**Form 1040** Line 37 (last line on page 1, “adjusted gross income”) OR

**Form 1040EZ** Line 6 (“taxable income”)

Health coverage is defined as “affordable” under the ACA with regard to the individual mandate if it costs you less than 8.05% of your MAGI for individual coverage (also called “self-only” coverage). This definition applies to the individual, meaning that some family members might have affordable coverage available and must accept it, while other members of the same family do not have affordable coverage.

**Important**

The definition of “affordable” that relates to the individual (8.05% of MAGI) is slightly different than the definition of “affordable coverage” that relates to premium tax credit eligibility (9.56% of MAGI). Likewise, the person-by-person applicability for the individual mandate differs from the person-by-person applicability for the premium tax credit. (The premium tax credit is discussed in more detail on page 8.)

Clergy housing allowance is not included in adjusted gross income. MAGI also excludes your pre-tax contributions (salary deferrals) to the United Methodist Personal Investment Plan (UMPIP) or another retirement account [401(k) or 403(b) type plan], and pre-tax contributions to flexible spending accounts. MAGI also excludes certain “above-the-line” income deductions, such as IRA contributions and self-employment (SECA) taxes.

If you cannot find coverage that is “affordable” by the ACA’s definition, you are exempt from the individual mandate and therefore not subject to the tax penalty.
You may have heard about “exchanges” in media coverage of health care reform. Exchanges are another name for the Health Insurance Marketplace.

What Is the Marketplace (“Exchange”)?

The Health Insurance Marketplace is an online resource for comparing different plans and benefits in order to choose a health insurance plan that’s best for you. This resource may appeal most to people who currently don’t have employer-sponsored insurance, including those who work part-time, work for a small business, are self-employed or currently not employed.

Plans offered through the Marketplace are administered by established insurance carriers. The government is not administering health insurance—it’s just providing a new way to make insurance accessible to more Americans.

Cost: Costs for coverage purchased through the Marketplace may be comparable to insurance purchased through the private market. The premiums for coverage will be published online so you can compare among plans offered through the Marketplace. Many people purchasing plans through the Marketplace will qualify for financial assistance from the federal government in the form of a premium tax credit. The premium tax credit effectively reduces the cost of health coverage for those who qualify. (The premium tax credit is discussed in more detail on pages 8-11.)

With the premium tax credit, the Marketplace can be a good option for people who don’t have health insurance, particularly those whose income is below certain levels. **However, if you have employer-provided coverage and your employer pays a portion of your insurance premium already, you may find the employer-provided option less expensive.**

Quality: Insurance plans available through the Marketplace are offered by private companies (“insurance carriers”), such as Blue Cross and Blue Shield, Humana, UnitedHealthcare, Kaiser Permanente or others. These are the same insurance carriers that many employers and annual conferences typically contract with. The specific plans and carriers available to you will depend on where you live.

All plans offered through the Marketplace and most plans offered through the private market must provide coverage for the same essential health benefits, including doctor visits, hospital stays and prescription drugs.
Coverage Level: Plans offered through the Marketplace are grouped into coverage categories described as "platinum, gold, silver or bronze." In general, platinum plans charge the highest costs for monthly premiums but lower deductibles and co-payments for services received, while bronze plans generally charge lower monthly premiums but have higher deductibles and co-payments. All plans cover the same essential health benefits and services. (Plans offered through HealthFlex generally provide gold-level coverage.)

Accessibility: No matter where you live in the U.S., you can use the Marketplace to choose health coverage. Some states will run their own Health Insurance Marketplace, while other states will use the federally-facilitated Marketplace [run by the U.S. Department of Health and Human Services (HHS)]. Either way, residents in all 50 states and the District of Columbia can access a Marketplace. Find state-by-state information at www.healthcare.gov > Get Coverage.

Open Enrollment Starts November 15

Open enrollment for 2015 coverage through the Health Insurance Marketplace begins November 15, 2014 and closes February 15, 2015. If health coverage through the Marketplace is an option you're considering, you may want to enroll early to avoid the rush. In order for coverage to be effective for January 1, 2015, you must enroll by December 15. Go to www.healthcare.gov to begin. You will also find an online calculator to help you estimate your monthly premiums. Note: If you had Marketplace coverage in 2014, you can either renew your current plan or choose a new plan through the Marketplace during the Open Enrollment period.
Is the Marketplace Right for You?

The Health Insurance Marketplace may not be right for everyone—it is just one of several options for health coverage. The options are complicated, and vary by who you are and where you work.

- **Full-Time Clergy:** For 2015, you will most likely remain in your annual conference health plan (HealthFlex or another plan sponsored by your annual conference), and your health coverage will continue to be paid for in large part by the church or UMC employer you serve. *But, this could change in the years ahead.* If your conference terminated your health plan, please check with your conference office for further information.

- **Part-Time Clergy:** If you are not eligible for coverage through your annual conference plan, you can enroll in a plan through the Marketplace. Or, you could enroll in your spouse’s health plan, if applicable.

- **Full-Time Lay Employees:** If you work for an employer that has at least 100 full-time equivalent employees in 2014, your employer will be required to offer you health insurance in 2015 (or pay a penalty*). If you work for a smaller employer and don’t have coverage through that employer or your spouse’s plan, you can enroll in a plan through the Marketplace. (Some annual conferences intend to cease allowing local churches to offer coverage to lay employees through the conference health plan. This will likely result in more lay employees at local churches seeking coverage through the ACA Marketplaces for 2015 and future years.) Check with your employer if you’re not sure.

- **Part-Time Lay Employees:** Most employers do not offer health insurance to part-time workers. Now you have the option to enroll in a plan through the Marketplace. Or, you could enroll in your spouse’s health plan, if applicable. Under the individual mandate, you are generally required to have health insurance, or you will be charged a penalty.

* In 2016, employers with at least 50 full-time equivalent employees (based on 2015 employment) will be required to offer health insurance or pay the penalty.

See page 15 for more about the Marketplace and Mandates
While the ACA makes health insurance mandatory for most people, the ACA's premium tax credits can make coverage more affordable for low- and middle-income households.

**What Is the Premium Tax Credit?**

The premium tax credit (PTC) is a new credit from the government to help eligible individuals and families afford monthly premium costs for insurance purchased through the Marketplace.

The credit is based on household income (MAGI*) and family size. You are eligible for the tax credit only if your MAGI is between 100% and 400% of the federal poverty level (FPL). You also must be a U.S. citizen or legal resident to be eligible.

<table>
<thead>
<tr>
<th>% of Federal Poverty Level (2014)</th>
<th>Individual</th>
<th>Family of 2</th>
<th>Family of 3</th>
<th>Family of 4</th>
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<tbody>
<tr>
<td>100%</td>
<td>$11,670</td>
<td>$15,730</td>
<td>$19,790</td>
<td>$23,850</td>
</tr>
<tr>
<td>138%</td>
<td>$16,105</td>
<td>$21,707</td>
<td>$27,310</td>
<td>$32,913</td>
</tr>
<tr>
<td>400%</td>
<td>$46,680</td>
<td>$62,920</td>
<td>$79,160</td>
<td>$95,400</td>
</tr>
</tbody>
</table>

* MAGI: Modified adjusted gross income
If you qualify for a premium tax credit, the credit amount also is based on MAGI and family size.

<table>
<thead>
<tr>
<th>% of FPL (for individual)</th>
<th>Median Income</th>
<th>PTC Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>$11,670</td>
<td>98%</td>
</tr>
<tr>
<td>138%</td>
<td>$16,105</td>
<td>94%</td>
</tr>
<tr>
<td>150%</td>
<td>$17,505</td>
<td>91%</td>
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<tr>
<td>200%</td>
<td>$23,340</td>
<td>81%</td>
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<tr>
<td>250%</td>
<td>$29,175</td>
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<tr>
<td>300%</td>
<td>$35,010</td>
<td>57%</td>
</tr>
<tr>
<td>400%</td>
<td>$46,680</td>
<td>41%</td>
</tr>
<tr>
<td>More than 400%</td>
<td>$46,681 and above</td>
<td>0%</td>
</tr>
</tbody>
</table>

The tax credit is fully refundable (meaning it can exceed the taxes you might owe) and can be paid in advance (you can receive it beginning in January of the year in which you claim it, rather than waiting until the following April to claim the credit on your tax return). The credit can also be assigned to the insurance company providing the Marketplace plan, so you pay only a small portion of the premiums for coverage directly.

**Important**

If you receive a tax credit and later realize your income is higher than the eligibility threshold, you must repay the overpayment through your income tax return. **(Note: Repayments are limited for individuals whose income remains below 400% of FPL.)** If your tax credit advance is less than you were due, you will receive the difference as a refund on your income tax return.

**Calculating Your Income for the ACA**

The ACA considers your modified adjusted gross income (MAGI) to determine a) whether your health insurance is “affordable,” and b) whether you are eligible for a premium tax credit. The example below is for a United Methodist pastor.

$60,000 \[\rightarrow\] Gross income

\[\rightarrow\] 10,000 \[\rightarrow\] Housing allowance

\[\rightarrow\] 2,400 \[\rightarrow\] Pre-tax contribution to UMPIP*

\[\rightarrow\] 600 \[\rightarrow\] Pre-tax contribution to a health flexible spending account

\[=\] $47,000 \[\rightarrow\] MAGI

**Note:** The government-determined maximum for premium tax credit eligibility is 400% of taxable income. Some individuals whose income is just above or even close to that maximum may consider options to reduce taxable income to become PTC-eligible, such as contributing additional pre-tax dollars to a retirement plan. A professional financial advisor or your benefits office may have suggestions.

* UMPIP — United Methodist Personal Investment Plan
Premium Tax Credits—Are You Eligible?

Answer these questions to determine if you might be eligible for a premium tax credit if you purchase coverage through the Marketplace.

Are you a U.S. citizen or legal resident?

- Yes
- No

Is your taxable income at least 100% but less than 400% of federal poverty level?

- Yes
- No

Are you eligible for coverage under your employer plan?

- Yes
- No

Does your employer plan provide minimum value (60%)?

- Yes
- No

Is your employer plan affordable under ACA rules (less than 9.56% of your MAGI for individual coverage)?

- Yes
- No

You are not eligible for PTC.

You are eligible for PTC.

* Your spouse and dependent children also are not eligible for a PTC if they have been offered coverage in your employer plan.
Understand these Numbers

8.05%  If your portion of the premium (the amount you are responsible for paying) for individual health insurance coverage through your employer or through the Health Insurance Marketplace would cost you more than 8.05% of your MAGI*, you will not pay a penalty if you do not have insurance.

9.56%  If your portion of the premium (the amount you are responsible for paying) for health insurance coverage offered to you by your employer would cost you more than 9.56% of your MAGI (for individual coverage under the lowest-cost option in your employer’s plan), you may qualify for a premium tax credit (PTC) to purchase insurance through the Marketplace. Under these circumstances, you could refuse your employer’s offer of health insurance and seek your own coverage through the Marketplace because the employer’s coverage is not considered “affordable” to you, as defined by the ACA.

Dependent Coverage: It is important to understand how this number also affects coverage for your spouse and dependent children, if applicable. Remember: ACA's definition of affordable coverage for premium tax credit eligibility is based on individual coverage. Therefore:

- If the coverage your employer offers you is “affordable” [i.e., the premium for individual (self-only) coverage costs you less than 9.56% of your MAGI]; and
- Your spouse and children are offered coverage under your employer’s plan;
- Then your whole family (you, your spouse and your children) have been offered “affordable” coverage under the ACA's rules, and no one in the “tax household family” can qualify for a premium tax credit for coverage through the Marketplace.

100% to 400% of federal poverty level  If your MAGI is at least 100% of federal poverty level but no more than 400%, you might qualify for a premium tax credit to purchase insurance through the Marketplace. However, if your employer offers insurance that costs you less than 9.56% of your MAGI* (for individual coverage), you would not be eligible for a premium tax credit because you have “affordable” coverage available through your employer.

Nearly half** of full-time UMC clergy have MAGI below 400% of the federal poverty level. Yet most would not qualify for the premium tax credit because they are typically required to pay less than 9.56% of MAGI for individual coverage as their contribution for coverage through their annual conference health plan, while their local church or ministry pays the rest. Remember, higher premium costs for coverage of clergy spouse or dependent children are not counted when calculating premium tax credit eligibility.

* MAGI: Modified adjusted gross income
** Estimate based on clergy in HealthFlex health plan

Medicaid Gap

Although the ACA makes health coverage available for more low-income people than ever before, some people still fall into a Medicaid “gap.” This is because the ACA is a federal law and Medicaid is administered by the states, and rules for the two sometimes conflict.

The ACA (a federal law) encouraged expansion of state-based Medicaid to all eligible residents with incomes below 138% of the federal poverty level. This was intended to cover anyone with income too low to qualify for a premium tax credit (i.e., below 100% of the federal poverty level). But some states have decided not to expand Medicaid. In those states, people earning less than 100% of the FPL may fall into a Medicaid gap—they earn too little to qualify for ACA's premium tax credit that would help them afford insurance, yet too much to qualify for their state's Medicaid program.

Through the employer mandate and the new Small Business Health Options Program (SHOP), the ACA encourages more employers to offer health coverage to their employees.

**What Is the Employer Mandate?**

The employer mandate—also called *Employer Shared Responsibility Rule* or the “pay or play” rule—requires “applicable large employers” to offer affordable health coverage that meets minimum coverage standards. Large employers that do not comply will pay a penalty:

- **No Coverage Penalty**—employer doesn’t offer health coverage at all; or
- **Inadequate Coverage Penalty**—employer offers coverage that is not “affordable” to at least one full-time employee (in other words, at least one full-time employee qualifies for an income-based premium tax credit).

This rule and penalties apply to employers with at least 50 full-time equivalent employees*, which the ACA calls “applicable larger employers.” Applicable large employers must offer health coverage for their full-time employees and dependent children up to age 26. However, applicable large employers are not required to offer coverage for spouses.

Small employers, i.e., employers that are not applicable large employers under ACA rules, are not required to offer health coverage to employees.

* **Note:** The Employer Mandate takes effect January 2015 for applicable large employers with 100 or more full-time equivalent employees (based on 2014 employee count). Enforcement is postponed until January 2016 for employers with 50-99 full-time equivalent employees (based on 2015 employee count).
While the ACA mandates that large employers offer health coverage, it also makes it easier for small employers to offer affordable coverage to their employees. Businesses, non-profit organizations and other small employers can select insurance through the new SHOP marketplace. In some cases, those small employers can receive a tax credit toward the cost of providing coverage through the SHOP.

SHOP is a marketplace much like the state and federal Marketplaces for individuals. SHOP is open to employers with fewer than 50 full-time employees, including United Methodist local churches and other salary-paying units. More information is available at www.healthcare.gov > Small Businesses.

Employers can purchase coverage for their employees through SHOP as long as they offer the coverage to all full-time employees (which would include full-time clergy and full-time lay employees). Employers can share the cost of SHOP premiums with employees just like they could in a small group market plan before SHOP was established in 2014. Premiums for SHOP plans are based on community rating rules for a “risk pool” (sample of “covered lives”) for all participating small employers, not just the employees of the adopting employer. This is true also for renewal rates in subsequent years, even if one or more of a small employer’s employees incurs large claims.

Keep in mind that many annual conferences require local churches to cover full-time clergy in the annual conference plan. If that is the case in your annual conference, be sure to talk to your conference office before your church adopts a SHOP plan to assess the consequences. SHOP plans may be an option for some churches to cover lay employees and part-time clergy.
Determining the clergyperson's employer is not as easy as it seems. Yet the answer—to be decided by the federal government for purposes of the ACA—could have significant impact on United Methodist Church pastors, churches and annual conferences.

Clergy are considered self-employed for employment tax (SECA) purposes, but are not considered self-employed for health care and other tax-related benefits. So it is unclear if their employer for purposes of the employer mandate is: 1) the annual conference (which typically maintains or sponsors the group health plan); or 2) the local church, ministry or other salary-paying unit (SPU), where the clergyperson works day-to-day.

### If the Annual Conference Is the Employer

Most annual conferences would have at least 50\* full-time equivalent employees (counting clergy), so they would be subject to the employer mandate in 2016. Full-time clergy would continue to receive health coverage through the annual conference (HealthFlex or another annual conference-sponsored plan).

### If the Local Church, Ministry or other SPU Is the Employer

Most local churches, ministries and other SPUs have fewer than 50\* full-time equivalent employees, so they would be exempt from the employer mandate. As small employers, churches would have more flexibility to explore options such as allowing clergy and lay employees to seek individual coverage (with tax credits based on income) through the Marketplace or offering a plan through SHOP. In either case, the churches would have to work with annual conferences, which can still require churches to participate in a conference plan under The Book of Discipline.

However, local churches that have day care centers, camps, after-school programs, and retreats or other affiliated “businesses” might—when counted together—have a total of 50\* or more full-time equivalent employees. In this case, the local church and the affiliated “businesses” are considered a controlled group and would be subject to the employer mandate in 2016.

*Note: The Employer Mandate takes effect January 2015 for applicable large employers with 100 or more full-time equivalent employees (2014 count). Enforcement is postponed until January 2016 for employers with 50-99 full-time equivalent employees (2015 count).
If you are in an annual conference plan (including HealthFlex)

Most participants currently covered by an annual conference plan (including HealthFlex) will be able to remain in that plan for 2015. If your plan sponsor opts to cease providing a plan or decides to allow local churches to explore other options in the future, the plan sponsor will inform you and your church or ministry about your options.

If you are a clergyperson working full-time (at least 30 hours per week)

You will likely continue to be covered through your annual conference plan (HealthFlex or another plan) in 2015, unless your conference terminates your health plan. Your annual conference may re-evaluate options and make a change for 2015 or beyond. Check with your conference if you're not sure.

If you are a clergyperson working part-time (fewer than 30 hours per week)

You may not be eligible for health coverage through the annual conference if you work part-time in a church or other ministry. If that is the case, and you are not covered in a separate plan provided by the local church or other employer, you can enroll in a health plan through a state or federal Health Insurance Marketplace. (See “Health Insurance Marketplace” on page 5 and visit www.healthcare.gov to learn more about this option.) You also can choose coverage through a spouse's plan, if applicable.

If you are a lay employee

- If your employer offers health coverage that costs you less than 9.56% of your household income for individual coverage, you can continue using that insurance plan or you can choose your own plan through the Health Insurance Marketplace. In most cases, the plan your employer offers will cost you less because a portion of your monthly premiums are paid by the employer and your portion of monthly premiums are paid with pre-tax dollars.
- If your employer does not offer you insurance or offers insurance that costs you more than 9.56% of your adjusted gross income for individual coverage, you can choose a plan through the Health Insurance Marketplace. (See “Health Insurance Marketplace” on page 5 and visit www.healthcare.gov to learn more about this option.) You also can choose coverage through a spouse's plan, if applicable, or another plan that might be available to you (such as TRICARE).
The ACA has good news for you if you have a pre-existing medical condition or previous high claims for a major illness, surgery or hospitalization. As of 2014, health insurance companies cannot deny you health coverage—and cannot charge you extra just because of your current or prior health status. In addition, employer plans cannot exclude coverage for pre-existing conditions.

Eliminating pre-existing condition exclusions for children was implemented January 2011 as one of ACA’s initial provisions.

**Premium Cost Limits**

Generally, the older you are, the more you'll pay for health insurance premiums. Yet the ACA now limits how much more insurance companies can charge based on age. For example, premiums for a 64-year-old man can be no more than three times as costly as premiums for a 21-year-old man. This age-rating limit applies to plans available through the Health Insurance Marketplace (for individual and families) and SHOP marketplace (for small businesses), as well as most plans available in the private insurance market.

The ACA also limits how much more insurance companies can charge for tobacco usage. A smoker’s premium can be no more than 1.5 times as costly as premiums for a non-smoker of comparable age and gender.

The ACA allows some premium rate variance based on region (to reflect medical cost variation from area to area), as well as rate variance for the number of dependents.

However, these limits do not apply to large employer plans or self-insured employer plans, which establish premiums in a different manner. Therefore, most annual conference plans are not subject to these limits.
The ACA requires most health plans to cover at least 60% of eligible medical expenses, which equates to a “bronze” level plan under ACA's rating of plans as bronze (60%), silver (70%), gold (80%) and platinum (90%). All plans available through the Marketplace will provide at least 60% value, but more generous plans (i.e., silver, gold and a few platinum plans) also are available.

The ACA also restricts annual out-of-pocket spending for covered individuals to no more than $6,600 for an individual or $13,200 for a family (for 2015). That means catastrophic coverage plans—those with very high annual deductibles and high percentage out-of-pocket costs—will no longer be permitted*

These minimum value coverage rules apply to all plans in the Marketplace, as well as most employer-provided plans. Most annual conference health plans, including HealthFlex—which covers nearly half of all U.S. annual conferences—easily meet and exceed the minimum value requirements.

* Exception: A limited number of catastrophic plans will be allowed if they have “grandfathered” status—unless significant plan changes are made.
Medicare Plans and ACA

The ACA does not substantially change the coverage for Medicare-eligible individuals. Individuals covered by Medicare are not eligible for Marketplace (exchange) coverage or premium tax credits. However, the ACA did affect Medicare’s prescription drug coverage, as described below.

Part D Donut Hole Continues Shrinking
The Medicare Part D coverage gap (often called the “donut hole”) has been gradually shrinking under the ACA since January 2011. The donut hole describes the amount people in Medicare plans pay themselves for prescription medications for the “gap” between when they reach an initial limit for prescription coverage, and when their coverage begins again after they have spent a certain amount out-of-pocket. See below for details.

<table>
<thead>
<tr>
<th></th>
<th>Individual Pays</th>
<th>Medicare Pays</th>
<th>Discount from Pharmaceutical Company</th>
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<td><strong>2014 Generic Drug</strong></td>
<td></td>
<td></td>
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<tr>
<td>2014</td>
<td>72%</td>
<td>28%</td>
<td>—</td>
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<td><strong>2020 Generic Drug</strong></td>
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<td><strong>2014 Brand Name Drug</strong></td>
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<tr>
<td>2020</td>
<td>25%</td>
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</table>

Find more explanation at [www.healthcare.gov](http://www.healthcare.gov), search under **The Health Care Law & You** and scroll down to “65 or Older.”
Stay Informed About Health Care Reform

Check these resources periodically for updates that may affect you.

**Information Specific to Clergy and Others Working for The United Methodist Church**

- [www.gbophb.org](http://www.gbophb.org), select "Health Care Reform"
- [www.gbophb.org/cfh](http://www.gbophb.org/cfh) (Center for Health website)

**Consumer Information from the Federal Government**

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<thead>
<tr>
<th>Websites</th>
<th>Facebook</th>
<th>Twitter</th>
<th>Call Centers</th>
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<tr>
<td><a href="http://www.healthcare.gov">www.healthcare.gov</a></td>
<td>Facebook.com/healthcaregov</td>
<td>@healthcaregov</td>
<td>1-800-318-2596</td>
</tr>
<tr>
<td><a href="http://www.cuidadodesalud.gov">www.cuidadodesalud.gov</a></td>
<td>Facebook.com/cuidadodesaludgov</td>
<td>@cuidadodesalud (Spanish)</td>
<td>TTY: 1-855-889-4325</td>
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Be sure to visit the federal government’s website for helpful information. You can even ask questions and receive prompt answers through the website’s Live Chat tool.

**Disclaimer:** This update is 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. It should not be construed as, and does not constitute, legal advice nor accounting, tax, or other professional advice or services; nor does this update create an attorney-client relationship. Readers should consult with their counsel or other professional advisor before acting on any information contained in this document. The General Board expressly disclaims all liability in respect to actions taken or not taken based on the contents of this update.
Glossary

ACA—Affordable Care Act, i.e., federal health care reform legislation. Also called “Obamacare” in the media.

Affordable Care Act—The Patient Protection and Affordable Care Act of 2010, also known as health care reform legislation and sometimes called “Obamacare.” The act was passed in two parts: the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010.

Cost share—Amount the participant pays for coverage in health insurance premiums or required contributions to a self-insured plan. Typically, an employer (a local church, UMC agency, annual conference, other ministry or other UMC-related organization) pays a portion of the premium (“the employer share”) and the plan participant (the employee) pays a portion (the “member or participant share”).

Employer mandate—Requirement that employers with at least 50 full-time equivalent employees offer affordable health coverage that meets minimum value standards. Also called the Employer Shared Responsibility Rule or “pay or play” rule. Enforcement of this mandate is effective January 2015 for employers with at least 100 full-time equivalent employees, but is postponed until 2016 for employers with 50-99 full-time equivalent employees.

Exchanges—Statutory name for the Health Insurance Marketplace; some states are using the term “connectors.”

Federal poverty level (FPL)—Defined each year by the U.S. Census Bureau and Department of Health and Human Services. Updated information is available at http://aspe.hhs.gov/poverty/14poverty.cfm. Individuals and families with household income between 100% and 400% of the federal poverty level may be eligible for a premium tax credit under the ACA.

Health Insurance Marketplace—Online resource (www.healthcare.gov) for comparing health plans offered by different insurance carriers, including pricing, benefits and other coverage features. Marketplace options are available for residents of all 50 states and the District of Columbia, through either a state-based program or the federal Marketplace.

Individual Coverage—Health insurance for the primary participant or employee only (i.e., individual coverage); does not include coverage for a spouse or dependent children. Also called “self-only” coverage.

Individual mandate—Requirement that adults, children and legal residents maintain health coverage (health insurance) or pay a tax penalty.

Modified gross adjusted income (MAGI)—Taxable income as reported on federal income tax return. Does not include clergy housing allowance, pre-tax contributions to the United Methodist Personal Investment Plan, and certain other income sources.

Pre-existing condition—Chronic illness or other health issue that was diagnosed under an earlier health plan or prior to obtaining current health coverage. Under the ACA, adults and children with a pre-existing condition cannot be denied health insurance or charged higher premiums because of their current or prior health status.

Premium tax credit (PTC)—Income-based financial assistance from the federal government for individuals or families who purchase health insurance through the Marketplace. Eligibility is based on modified adjusted gross income and other factors.