



**BOARD OF PENSIONS AND HEALTH BENEFITS**  
TEL. 410-309-3479 | FAX. 410-309-9794

September 6, 2013

<ABC UMC>  
<Address Line 1>  
<City, State, Zip>

**Re: Health Insurance Notice Requirement—Affordable Care Act**  
***(Local Church Must Take Action by October 1)***

Dear Staff-Parish Relations Committee Chair

We are sending you this letter, with email copies to you, your pastor, local church administrator, and treasurer. We are sending it because the new health reform legislation, the Patient Protection and Affordable Care Act (ACA), requires that all employers subject to federal wage and hour laws must distribute a Notice about the new Health Insurance Marketplaces to *all* full-time and part-time employees—whether or not they are covered in the employer's health plan. For the purpose of the ACA, your local church is such an employer, and the deadline for providing the Notice to all employees is October 1, 2013.

“Employees” includes both clergy and lay employees.

The Notice, with accompanying letter, may be mailed or emailed to the employee. The Notice has been prepared by the Department of Labor and is titled **New Health Insurance Marketplace Coverage Options and Your Health Coverage**. The Notice contains the information you are legally required to provide to your employees. The premium information you supply in Question 15 of the Notice may vary according to your employee's clergy or lay status, so please ensure that each employee receives the Notice that applies to him or her. We are including two versions of this Notice. The 3 page version should be used if your local church provides health insurance to any employees. The 2 page version should be used if your local church does not provide health insurance to any employees.

Since you serve your local church in a volunteer capacity, we have wanted to make exercise of your responsibility as simple as possible.

We have prepared a draft letter that you can send your clergy and lay employees. We recommend that you complete one letter for each employee, addressed to that employee. The new options under the ACA will not affect your full time clergy in 2014, but they may affect other employees and family members. We created paragraphs for each category of person whom you may employ or provide health insurance for. We recommend in each letter that you simply check all the categories that apply. We recommend that you read this draft letter carefully because it is where we have tried to explain how the ACA affects different types of people – and we won't repeat that here.

In addition to the sample letter and Notice, we are providing two attached resource files from the United Methodist General Board of Pension and Health Benefits. These were written to provide helpful background about health reform and the Notice requirement responsibilities of employers associated with it.

It is important to be clear that for ACA purposes, you, and not the Conference, are the employer of your clergy and lay employees, and it is you who have the responsibility to communicate this information to them. The role of your

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Conference Board of Pensions and Health Benefits is specified in Paragraph 639 of the 2012 United Methodist Discipline, and we are writing you based on the responsibilities which the Discipline assigns to us.

As we try to keep clear in the draft letter, your annual conference maintains a rule whereby local churches are required to cover [full-time] appointed clergy in the annual conference health plan, currently HealthFlex. As we reported to Annual Conference in May 2013, this rule remains in effect despite establishment of the Health Insurance Marketplaces under the ACA and the potential availability of PTCs for clergy. The annual conference will continue to bill the local church for HealthFlex insurance coverage in 2014. The annual conference's policy is in place to maintain equity in benefits and costs across the many local churches' clergy in the conference. The Baltimore-Washington Conference Board of Pensions and Health Benefits is vigorously studying the impact of the ACA and Exchanges on its health coverage strategy for the future and we will inform you if conference policies change as a result.

Please contact Francess Tagoe at [ftagoe@bwcumc.org](mailto:ftagoe@bwcumc.org) with questions. You can read more detail about the ACA generally at [www.healthcare.gov](http://www.healthcare.gov), and on the General Board's health care reform [web page](http://www.gbophb.org/health_welfare/healthcarereform/index.asp) at [www.gbophb.org/health\\_welfare/healthcarereform/index.asp](http://www.gbophb.org/health_welfare/healthcarereform/index.asp).

Sincerely,

Rev. Jackson Day, Chair  
Board of Pensions and Health Benefits  
Baltimore-Washington Conference

#### Attachments

1. Draft letter to be sent by local church to each employee, clergy and lay.
2. Three page Notice for use when the local church provides insurance.
3. Two page Notice for use when the local church **does not** provide insurance.
4. General Board of Pension flyer: Health Care Reform for UMC Local Churches.
5. General Board of Pension flyer: ACA Notice Requirement Helpful Hints.

#### Glossary

- ACA:** "Patient Protection and Affordable Care Act". The health reform legislation enacted by Congress in 2010.
- FPL:** Federal Poverty Level. An official annual amount calculated by the federal government, below which one is considered to be in poverty.
- PTC:** Premium Tax Credit. Persons purchasing health insurance in the Health Insurance Marketplaces whose household income is below 400% of the Federal Poverty Level may be eligible for a tax credit. This credit can be calculated in advance and used to reduce premiums, but is accounted for at tax time. For instance, a credit received in 2014 would be accounted for on one's 2015 income tax return.

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