

# Observations on the Affordable Care Act

By Doug Clay



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**A**S many of you know, the implementation of the **Affordable Care Act (ACA)** had a rocky start. But even though the federal website had technical problems, certain provisions have been delayed, and court challenges continue, major provisions of the ACA took effect on January 1, 2014.

I'd like to pass along some information that I've learned regarding benefits and the new health care legislation.

## WHAT ARE THE IMPLICATIONS OF THE AFFORDABLE CARE ACT FOR LOCAL ASSEMBLIES OF GOD CHURCHES?

The good news is that most of our Assemblies of God churches have fewer than 50 employees, which makes them exempt from the requirement to offer group health coverage and avoid being penalized.

However, whether or not group insurance is provided through an employer, **all individuals** must have health insurance or they will be penalized. Church staff members as individuals need to have health insurance, and if they do not, or choose not to, they will pay a penalty on their federal income tax return.

One of the main differences between today's market and post-ACA is that *pre-existing conditions will no longer dictate an individual's*

*ability to get individual health insurance.* The only factors taken into consideration by insurers will be: age, gender, geography and smoking status.

Some individuals will be eligible for subsidies available via the government exchanges to receive health insurance. If these individuals or their dependents have employers who offer affordable group health insurance, they and their families will not be allowed to take advantage of the subsidies via government exchanges. For a number of our church employees, utilizing what the church provides for insurance may be a better financial option.

## WHAT ARE YOUR OPTIONS?

- Continue with the current group insurance you've typically provided for staff members.
- Drop group insurance and increase compensation accordingly, allowing each individual to find health insurance alternatives on their own.
- Seek alternatives to current group insurance. Among the best we have found is an option in which, the employer can fund the purchase of new individual health plans on a tax-favored basis, tailored to each individual and family situation. Other benefit options are available, such as dental, vision, accident and disability choices.

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### WHAT IS THE RIGHT SOLUTION FOR YOUR CHURCH?

Depending on the demographics of your church employees, it may be best for you to continue what you've done in the past. You can certainly provide group insurance, and that may be the best option for your particular employees. For some, the government exchange might be the best option.

I have been introduced to a new private exchange

called benefitbay. Benefitbay can assist churches and ministries in determining the options that would best serve them in the post ACA environment.

If you have any questions about the implications of the new health care laws, insurances, or benefitbay, feel free to contact Jan Meese, our benefits specialist at [jmeese@ag.org](mailto:jmeese@ag.org), or by phone at 417-862-2781.

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