

September 6, 2013

RE: **EXCHANGE NOTICE REQUIREMENT – AFFORDABLE CARE ACT**

LOCAL CHURCHES MUST COMPLY

Dear Church Treasurer/Staff-Parish Relations Committee Chair:

Accompanying this letter, please find eight documents related to the *Exchange Notice Requirement* – a new requirement under the Patient Protection & Affordable Care Act (PPACA or ACA) that may directly affect your local church and its employees. These documents will help you understand and comply with the Exchange Notice Requirement.

The ACA requires all employers that are subject to federal wage and hour laws (the Fair Labor Standards Act, FLSA) to distribute a Notice (also accompanying this letter) to *all* full-time and part-time employees – whether or not they are covered in the employer’s health plan. The Notice describes the new *Health Insurance Marketplaces* (often called “*Exchanges*”) and how an employee can contact the Market place to purchase coverage. The Notice must also warn the employee of the loss of favorable tax treatment of his or her employer-sponsored health coverage, if any, if he or she purchases coverage through the Marketplace instead of through an employer-sponsored plan (if available.)

Please read this material carefully. **Employers including local churches¹ must provide this notice to all employees NO LATER THAN OCTOBER 1, 2013. If you are part of a multi-point charge, please provide this notice to all employees at each church within the charge. For employees hired between October 1, 2013, and December 31, 2013, the Notice must be provided on the employee’s start date. For employees hired on or after January 1, 2014, the Notice must be provided within 14 days of hire.**

Accompanying this letter are the following:

1. A Summary of the Notice Requirement to help understand the process ***UMC Local Churches – Required Notification to All Employees (per Affordable Care Act)***
2. A copy of the two template forms from the **U.S. Department of Labor** – *Choose the form(s) that best suits your situation as an employer:*
 - a. The ***Notice for employers that offer a health plan to some employees*** (two pages; Page 1 is front only, Page 2 is front & back) *or*
 - b. The ***Notice for employers that do not offer a health plan*** (single page – front & back)
3. A guideline summary produced by the GBOPHB to help complete the template form ***ACA Exchange Notice Requirement – Template Form Helpful Hints for Local Churches & SPUs.***
4. A ***SIMPLIFIED guideline*** summary produced by EOC Benefits Office to help complete the template forms. (pink paper)

¹ Generally, the FLSA applies to church employers. However, if a local church is uncertain whether it is subject to the FLSA, the most prudent approach would be to provide this notice to all employees and clergy.

5. Q & A's *Health Care Reform – Exchange Notice Requirement Frequently Asked Questions* (ivory paper)
6. **Optional:** A letter that your church can send to its clergy and employees along with the Notice
 - a. *Sample letter for Employees who are provided with a health plan* (yellow paper)
 - b. *Sample letter for Employees who are NOT provided with a health plan* (green paper)

It is important to understand that the East Ohio Annual Conference maintains a rule whereby local churches are required to cover (full-time & ¾ time) appointed clergy in the annual conference health benefit plan. (*Part time local pastors @ 75% time are exempt from this rule*) This rule remains in effect despite establishment of the Exchanges under the ACA and the potential availability of Premium Tax Credits (PTCs) for clergy. The annual conference will continue to bill the local church for that coverage in 2014. The annual conference's policy is in place to maintain equity in benefits and costs across many local churches' clergy in the conference. The conference will continue to study the impact of the ACA and Exchanges on its health coverage strategy for the future and will inform you if conference policies change as a result.

Please note: The annual conference is providing these materials as an informational and educational service to its local churches and other salary-paying units (SPU). **This information should not be read to imply that the annual conference is the employer of any employees receiving the notice from local churches or SPUs.** The materials should not be construed as, or constitute, legal or other professional advice on any specific matter. The annual conference expressly disclaims all liability in respect to actions taken or not taken based on the contents of this update.

For questions, please call 1-800-831-3972 ext. 103 (Betsy Stewart) or ext. 151 (Robin Whitacre). You can read more details about this requirement or the Affordable Care Act on the General Board of Pensions' web page at www.gbophb.org/health_welfare/healthcarereform/index.asp.

Sincerely,

Betsy Stewart
Benefits Manager