



# Pension Fund

of the Christian Church  
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Friends,

I am writing to you out of concern over the significant amount of misinformation and resulting confusion related to the current status of health care in the United States, and in particular with respect to the efforts to "repeal and replace" the Affordable Care Act (ACA). I am also writing to affirm that no actions taken in Washington today or tomorrow would have changed the financial position of Churchwide HealthCare, or the need to end that coverage option.

The information I am sharing below is not a political commentary, and I am not attempting to address all of the many proposals and comments that have been made about the ACA. Since we cannot know what the future holds, my intent is simply to keep you informed of where health care stands as of today, January 29, 2017 -

1. The ACA exchange health insurance policies are in place for 2017. Subsidies continue to be available for qualifying individuals who purchase coverage on the ACA exchanges.
2. In addition, there remains in place a strong private insurance market. Health insurance policies purchased on the private market are in many cases identical to the exchange policies. While subsidies are not available in the private market, private insurance may be a competitive option for individuals who are not subsidy eligible.
3. An employer with only one full-time employee can pay some or all of the cost of the employee's coverage, regardless of whether purchased on the exchange or on the private market, on a tax free basis. An employer with less than 50 full-time or full-time equivalent employees can also pay for some or all of cost of employees' coverage, regardless of whether purchased on the exchange or on the private market, on a tax-free basis by adopting a qualified small employer health reimbursement account (HRA)<sup>1</sup>.
4. If an employer chooses to instead sponsor a group health plan for its employees, in addition to paying for some or all of the cost of coverage on a tax-free basis, it can help employees with their medical costs by permitting employees to pay for their portion of the cost of coverage on a tax-free basis, and by offering a health care flexible spending account (FSA) or health savings account (HSA) (if the underlying coverage is a high deductible health care plan).
5. Individuals who pay a portion of their own premiums for health insurance on an after-tax basis can deduct those premiums on their tax return if they itemize and the premiums (together with their other qualified medical expenses) exceed 10% of their adjusted gross income.
6. At least six fairly comprehensive ACA replacement bills have been proposed. While some of these bills share significant commonality, there are fundamental differences between many of the proposals. Some bills replace ACA subsidies with advanceable tax credits for the purchase of any type of coverage, while others replace ACA subsidies with a standard tax deduction. All of the bills either cap or eliminate the tax exclusion for employer provided coverage, and they all depend in part

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<sup>1</sup> Please visit [www.pensionfund.org](http://www.pensionfund.org) for more information on the tax advantages and requirements of a qualified small employer health reimbursement account.



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on the expansion of health saving accounts (HSAs). There is little consensus on which ACA replacement bill, of which parts of the different bills, will ultimately be successful.

7. All of the ACA replacement bills focus on the repeal of what have been viewed as the most burdensome requirements of ACA, such as the individual mandate and the employer mandate and other taxes. It is important to note that many of the proposed ACA replacement bills do not eliminate the most popular components of ACA, such as the prohibition on pre-existing conditions and lifetime and annual maximums or the coverage of adult children until age 26.
8. The current strategy for repealing the ACA is to use a budget reconciliation bill, which can be passed into law by the Senate by majority vote. This means that only changes impacting government spending and taxation can be included in the bill. In other words, a budget reconciliation bill cannot be used to repeal all provisions of the ACA, nor can it be used to enact many of the replacement provisions. It is expected that the budget reconciliation bill will be introduced in late February or early March. Any change not impacting government spending and taxation would need to be part of a separate bill that will require a 60 vote threshold to pass in the Senate.
9. On January 20, 2017, President Trump signed an executive order directing federal agencies to take steps that facilitate the repeal and replacement of the ACA and to utilize their authority to the maximum extent permitted by law to "waive, defer, grant exemptions from, or delay the implementation of any provision or requirement of the ACA that would impose a fiscal burden on any State or a cost, fee, tax penalty, or regulatory burden on individuals, families, health care providers, health insurers, patients, recipients of healthcare services, purchasers of health insurance, or makers of medical devices, products or medications." An executive order cannot change existing law, and it is unclear what the impact of this executive order will be with respect to enforcement of ACA regulations.

Pension Fund, along with many other church benefit providers, is part of an organization called the Church Alliance. The Church Alliance lobbies on behalf of churches with respect to church benefit matters, including health care, clergy housing allowance, and tax reform as it impacts retirement plans. Pension Fund is working closely with other Church Alliance members in reviewing the proposed ACA replacement bills and evaluating their impact on church health care, to ensure that the Church Alliance is prepared to act quickly to protect the interests of churches during the legislative process.

Please know that Pension Fund will continue to keep you informed of new developments in the changing landscape of church benefits and healthcare.

Blessings,

Todd Adams  
President

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