

# Insurance gap looms for small churches

by [Sarah Pulliam Bailey](#) in the [September 4, 2013](#) issue

An effort to tweak President Obama's health-care reform bill to fill a gap for church health insurance plans could fail because of Republicans' insistence on repealing the law.

Without a fix, United Methodist Church leaders say some of their churches could drop current coverage for employees once "Obamacare" takes full effect next year, according to Colette Nies, spokeswoman for the UMC's General Board of Pension and Health Benefits.

Under Obama's 2010 Affordable Care Act, more than 50 percent of UMC clergy would qualify for tax credits available to lower- and middle-class families to purchase insurance. But because of the way the law was written, those tax credits cannot be used for buying insurance plans that churches can offer through government-run exchanges.

"The concern is that the church plans won't be viable if everyone who can get a tax credit leaves and goes to the state exchange," said Timothy Jost, a professor at Washington and Lee School of Law, who studies health care.

Since many churches are small—with one pastor and a few lay employees—they will not be required under the Obama plan to provide coverage. If a church drops coverage, that would free (or force) employees to seek the lower-cost insurance with the government exchange.

Small churches that fall outside the large-employer mandate may conclude that they should drop health coverage and guide employees to purchase insurance on their own through government-run exchanges, where subsidies would apply, Nies said. Leaders of church-run health plans believe it would disadvantage church employees who have more tailored coverage.

“We cannot estimate how widespread this would be, but given the income demographics of the UMC workforce, it could be substantial,” Nies said.

UMC leaders praised the passage of the 2010 Affordable Care Act because it aligned with the denomination’s values. But leaders say that churches were overlooked in the fine print.

Before the health-care law was passed, denominations like the United Methodist Church may not have understood all the implications of the health-care law, said John Lomperis of the Washington-based Institute on Religion and Democracy, a conservative think tank that’s often critical of mainline Protestant churches.

“It is not clear that they even took the time to carefully read the health-care bill before so energetically endorsing it and lobbying for its passage,” he said.

A bill under consideration would assure that employees insured under church plans could use the same tax credits offered to people on government exchanges. In June, Democratic senators Mark Pryor (Ark.) and Chris Coons (Del.) introduced the Church Health Plan Act of 2013 aimed at allowing church employees to apply for tax credits. More than 1 million pastors and other church employees could be affected by the change, the senators argue.

“At this moment, we’re not expecting to get a vote,” said Ian Koski, a spokesman for Coons. “The dedication of Senate and House members to repeal it entirely instead of working with us to fix it has disincentivized Republicans from working with us on it.”

Koski also suggested that Republicans might have another incentive to block the legislation: Pryor is running for reelection as a Democrat in a decidedly red state.

The bill has received support of many denominations, including the Southern Baptist Convention, despite its leaders’ push to repeal the entire act. Leaders within the SBC’s medical plan provider GuideStone say church health plans will be at a disadvantage in the health-care marketplace.

“We don’t think passing this legislation has to be inconsistent with those who hope for eventual repeal,” said Rodney Miller, general counsel at GuideStone. “We’re dealing with a law that’s on the books in the here and now.”

Even with widespread support for the bill across aisles, supporters assume it will die. House Republicans have already voted 40 times to repeal Obamacare.

“It doesn’t stand a chance, I don’t think,” said Jim Sargent, the health plan director for the Unitarian Universalist Association. “This is the Obama administration’s signature piece of legislation. Republicans are trying to undermine it. While that’s going on, there isn’t much you can do to fix the bill.”

Many religious groups have objected to the health-care law, but much of the controversy has focused on the mandate that requires some religious organizations to provide contraception coverage at no cost to employees. —RNS

*This article was edited on August 19, 2013.*