

Health Benefit Options for Ministers & Families (2024)

Health coverage continues to be a confusing and challenging topic, particularly in light of cost considerations as well as inconsistent options and assistance provided by employers. This is true of many churches that provide benefits through outdated methods or models not designed to assist the current situation of staff members and families. This is a summary of current options for health insurance for ministers and families in 2024. In addition to assistance with any questions, confidential consultations are available for no fee.

Options:

- Group health plan: If offered by the church, you may enroll in a group health insurance option. Where group coverage is available, financial benefits are that (a) any premium payments made by the church are non-taxable to you, and (b) any premiums that you pay are deducted from your paycheck on a pre-tax basis, exempt from federal/state income tax as well as Social Security/FICA taxes.
- Spouse's group health plan: Whether or not the church offers a group health plan, if your spouse is eligible for a health plan through his/her employer, this may be the best option either for part or all of your family. Financial benefits are that (a) any premiums paid by spouse's employer are tax-free, and (b) any premiums that your spouse pays for employee, employee-plus-children, or family coverage are deducted from spouse's paycheck on a pre-tax basis, exempt from federal/state income tax as well as Social Security/FICA taxes.
 - *Since spouse's coverage is tax-free, if the church provides you any money to offset premium cost, such funds represent taxable income to you. The church cannot reimburse tax-free coverage that is already tax-free on the other end ("double dipping").*
- Private (direct from carrier) health plan: If no group health plan is available from the church or a spouse's employer, then the likely best option for you is a private, "individual" plan purchased directly from an insurance carrier. One positive is that you have the opportunity to select a plan that best fits your situation and needs. Of course, the cost of coverage will be significant unless you are receiving assistance from the church (through additional taxable income) or if you qualify for premium tax credits from the Health Insurance Marketplace (*see next bullet point below*). If you are interested in exploring your options, an insurance agent can assist at no cost to you and I will refer you to a reliable resource.
 - *Private insurance plans may be purchased on an individual basis or for an individual plus dependents. In North Carolina, BCBSNC is the leading provider of these plans. Other carriers are available, and best choices will come down to not only premiums but plan designs and networks.*
 - *To confirm, if the church provides you funds toward the purchase of individual (non-group) health premiums, those funds represent taxable compensation. The only way that church funds for non-group coverage are not taxable is if the employer has set up an Individual Coverage Health Reimbursement Arrangement ("ICHRA") or Qualifying Small Employer Health Reimbursement Arrangement ("QSEHRA"). Such plans provide tax-free reimbursement of private health plans. The downside is that ICHRA or QSEHRA eligibility will impact your ability to receive subsidized coverage through the Health Insurance Marketplace.*
- Health plan purchased via Health Insurance Marketplace ("Marketplace"). Established by the Affordable Care Act in 2010, the Health Insurance Marketplace is the vehicle through which millions of Americans purchase health coverage each year, the vast majority of which receive subsidized premiums in the form of advance tax credits. The actual coverage is no different than the above - private plans through carriers such as BCBSNC. The difference is that by going through the Marketplace

([Healthcare.gov](https://www.healthcare.gov)), an individual may qualify for premium subsidies. These subsidies (tax credits) are an effective way to receive lower cost, quality coverage. The open enrollment period for the Marketplace for 2024 is from November 1 to January 15.

- *If the church is providing you either a base salary with no health coverage, or a compensation stipend or supplement to assist with your own health coverage, Marketplace coverage with tax credits resulting in lower premiums will allow you to maximize those dollars.*
- *Tax credit examples: For 2023, families of 4 with modified adjusted gross income of \$111,000 or less have qualified for significant premium tax credits. Families of 2 have qualified if modified adjusted gross income was \$73,000 or less. Assistance is available through the Marketplace and elsewhere if you would like to explore eligibility for tax credits and coverage. As with standard plans direct from the carrier, you do not have to pay for assistance from the Marketplace or an insurance agent assisting with enrollment.*
- **Medicare:** Medicare coverage is available to individuals age 65 or older. The open enrollment period for 2023 is going on now (October 15 to December 7). Medicare is typically paired with a Medicare supplement plan that can be purchased from an insurance carrier.
 - *Similar to individual coverage above, if the church provides funds to assist you with payment of Medicare or Medicare supplement coverage, those funds represent taxable compensation to you as long as you are an active employee of the church (rather than retiree).*
 - *In addition to Medicare, other governmental health coverage programs include Tricare (military) or Medicaid, which is available only to individuals with very low income or children in certain situations.*
- **Tax benefit plans – Health Flexible Spending Accounts (“FSAs”), Health Savings Accounts (“HSAs”), or Health Reimbursement Arrangements (“HRAs”):** These plans may assist you and your family with health coverage on a practical level, such as by lowering your taxes on health purchases or reducing out-of-pocket expenses. Importantly, these are not major medical plans, and they work best in conjunction with group or individual health coverage rather than in place of such coverage. If you have access to an FSA or HRA through your employer, make sure you consider taking full advantage. If you are enrolled in a High Deductible Health Plan either through an employer or directly through a carrier (including Marketplace), an HSA bank account is an excellent tool that you should consider. I will share more details on any of these options.
- **Other options:** There are other options, including limited medical plans which have low premiums and typically cover a defined range of services such as preventive or basic care. Separately, Christian healthcare sharing models are well publicized and create a lot of interest from ministers. Candidly, I am not a proponent of those arrangements, although they are utilized and appreciated by some. I am happy to discuss these or other options if helpful to you.

The options above relate to health insurance and related tax-benefit plans. Additional benefits (dental, vision, life, disability, accident, supplemental health coverage) are not addressed here. For more information or assistance on any of these or other topics, contact Jason.

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