

113TH CONGRESS
1ST SESSION

S. 1164

To amend the Patient Protection and Affordable Care Act to clarify provisions with respect to church plans.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2013

Mr. PRYOR (for himself and Mr. COONS) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Patient Protection and Affordable Care Act to clarify provisions with respect to church plans.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Church Health Plan
5 Act of 2013”.

6 **SEC. 2. CHURCH PLANS AS QUALIFIED HEALTH PLANS.**

7 (a) IN GENERAL.—Section 1301(a) of the Patient
8 Protection and Affordable Care Act (42 U.S.C. 18021(a))
9 is amended—

1 (1) by redesignating paragraphs (3) and (4) as
2 paragraphs (4) and (5), respectively; and

3 (2) by inserting after paragraph (2), the fol-
4 lowing:

5 “(3) INCLUSION OF QUALIFIED CHURCH
6 PLANS.—

7 “(A) IN GENERAL.—Any reference in this
8 title to a qualified health plan shall be deemed
9 to include a qualified church plan, unless spe-
10 cifically provided for otherwise.

11 “(B) REQUIREMENTS OF QUALIFIED
12 CHURCH PLANS.—A qualified church plan is a
13 church plan, as defined in section 414(e) of the
14 Internal Revenue Code of 1986, that—

15 “(i) is a welfare plan, as defined in
16 section 2(c) of Public Law 106–244, and
17 provides health care coverage for the em-
18 ployees of ten or more eligible common law
19 employers, and if a majority of employees
20 covered by the plan are employees of
21 churches or qualified church-controlled or-
22 ganizations within the meaning of sections
23 3121(w)(3) (A) and (B) of the Internal
24 Revenue Code of 1986, respectively;

1 “(ii) provides an essential health bene-
2 fits package, as defined in section 1302(a);

3 “(iii) complies with the requirements
4 under sections 2703, 2706, 2708, 2709,
5 2711, 2712, 2713, 2714, 2715, 2719, and
6 2719A of the Public Health Service Act;

7 “(iv) prohibits exclusions based on
8 preexisting conditions or other health sta-
9 tus, and prohibits discrimination against
10 individual participants and beneficiaries
11 based on health status for the purposes of
12 enrollment, within the meaning of sections
13 2704 and 2705 of the Public Health Serv-
14 ice Act, except as provided under subpara-
15 graph (C)(ii); and

16 “(v) limits, on average, the ratio of in-
17 curred losses plus loss adjustment expenses
18 to earned premiums, within the meaning of
19 section 2718 of the Public Health Service
20 Act, as calculated across the entire church
21 plan, except that, for purposes of this
22 paragraph, earned premiums include pay-
23 ments by, or on behalf of, employees of a
24 church, as defined in 414(e)(3)(B) of the
25 Internal Revenue Code of 1986.

1 “(C) EXCLUSION OF QUALIFIED CHURCH
2 PLANS FROM AMERICAN HEALTH BENEFIT EX-
3 CHANGES.—

4 “(i) IN GENERAL.—A qualified church
5 plan may not participate in an American
6 Health Benefit Exchange established by a
7 State under section 1311(b) or by the Sec-
8 retary of Health and Human Services (re-
9 ferred to in this paragraph as the ‘Sec-
10 retary’) under 1321(c). The Secretary shall
11 not assess a charge or make a payment to
12 a qualified church plan to reflect actuarial
13 risk pursuant to section 1343, and a quali-
14 fied church plan shall be exempt from any
15 other subsidies, payments, or requirements
16 under this Act that apply to qualified
17 health plans offered on American Health
18 Benefit Exchanges, except as provided by
19 this paragraph.

20 “(ii) PREMIUMS.—A qualified church
21 plan may differentiate premiums using
22 methods and criteria consistent with those
23 that the Secretary uses to assess charges
24 and payments to other qualified health
25 plans based on the actuarial risks of enroll-

1 ees of such plans pursuant to section 1343
2 and those described in section 422.308 of
3 title 42, Code of Federal Regulations. A
4 qualified church plan may develop addi-
5 tional methods and criteria to define and
6 account for the actuarial risk associated
7 with the prohibition against qualified
8 church plans enrolling a larger number
9 and more diverse pool of enrollees as long
10 as such additional methods and criteria are
11 not inconsistent with the risk adjusters de-
12 scribed in section 1343 and those described
13 in section 422.308 of title 42, Code of
14 Federal Regulations.

15 “(D) DEEMED STATUS OF QUALIFIED
16 CHURCH PLANS.—A qualified church plan shall
17 be deemed to be—

18 “(i) minimum essential coverage
19 under an eligible employer-sponsored plan,
20 as defined under section 5000A(f)(2) of
21 the Internal Revenue Code of 1986; and

22 “(ii) for the purposes of subparagraph
23 (F), equivalent to a health plan offered
24 through an American Health Benefit Ex-

1 change, within the meaning of section
2 1311(b).

3 “(E) EMPLOYERS PARTICIPATING IN
4 QUALIFIED CHURCH PLANS.—

5 “(i) ELIGIBLE SMALL EMPLOYERS.—
6 An employer participating in a qualified
7 church plan shall be deemed an eligible
8 small employer under section 45R(d) of the
9 Internal Revenue Code of 1986, if—

10 “(I) the employer has not more
11 than 25 full-time equivalent employ-
12 ees, as defined under section
13 45R(d)(2) of the Internal Revenue
14 Code of 1986, for the taxable year;
15 and

16 “(II) the average annual wages
17 of such full-time equivalent employees
18 do exceed an amount equal to twice
19 the dollar amount in effect under sec-
20 tion 45R(d)(3)(B) of the Internal
21 Revenue Code of 1986 for the taxable
22 year, and if no employee of the em-
23 ployer who is enrolled in the qualified
24 church plan receives premium tax

1 credits or reductions in cost-sharing
2 under subparagraph (F).

3 “(ii) NO EXCLUSION FROM WAGES.—
4 Any employer participating in a qualified
5 church plan shall not exclude from wages
6 and other compensation, for any individual
7 receiving premium tax credits under sec-
8 tion 1401, any employer contribution for
9 minimum essential coverage under a quali-
10 fied church plan under section 106 of the
11 Internal Revenue Code of 1986.

12 “(iii) EMPLOYERS PARTICIPATING IN
13 QUALIFIED CHURCH PLANS.—Any em-
14 ployer participating in a qualified church
15 plan shall be deemed to be a ‘religious em-
16 ployer’ as defined in section 147.131 of
17 title 45, Code of Federal Regulations.

18 “(F) PREMIUM TAX CREDITS, REDUCTIONS
19 IN COST-SHARING, AND QUALIFIED CHURCH
20 PLANS.—An individual receiving minimum es-
21 sential coverage under a qualified church
22 plan—

23 “(i) shall be deemed to satisfy the in-
24 dividual responsibility requirements under

1 section 5000A of the Internal Revenue
2 Code of 1986;

3 “(ii) shall be deemed to qualify as an
4 applicable taxpayer eligible to receive pre-
5 mium tax credits under section 1401, if
6 the individual’s household income for the
7 taxable year equals or exceeds 100 percent
8 but does not exceed 400 percent of an
9 amount equal to the poverty line for a fam-
10 ily of the size involved; and

11 “(iii) shall be deemed to qualify as an
12 eligible insured eligible to receive reduc-
13 tions in cost-sharing under section
14 1402(b), if the individual’s household in-
15 come exceeds 100 percent but does not ex-
16 ceed 400 percent of the poverty line for a
17 family of the size involved.

18 “(G) REGULATIONS.—The Secretary and
19 the Secretary of the Treasury shall promulgate
20 regulations—

21 “(i) under subparagraph (E) to en-
22 sure that an eligible small employer offer-
23 ing a qualified church plan receives the
24 same tax credit as any other eligible small

1 employer under section 45R of the Internal
2 Revenue Code of 1986;

3 “(ii) under subparagraph (F)(ii) to
4 ensure that an applicable taxpayer receiv-
5 ing minimum essential coverage under a
6 qualified church plan receives the same
7 premium tax credit as any other applicable
8 taxpayer under section 1401;

9 “(iii) under subparagraph (F)(iii) to
10 ensure that an eligible insured receiving
11 minimum essential coverage under a quali-
12 fied church plan receives the same reduc-
13 tion in cost-sharing as any other eligible
14 insured under section 1402; and

15 “(iv) providing church plans sufficient
16 opportunity to make appropriate transi-
17 tions in order to meet the definition of
18 qualified church plan under subparagraph
19 (B).”.

20 (b) EFFECTIVE DATE.—The amendments made by
21 this Act shall take effect as if enacted as part of the Pa-
22 tient Protection and Affordable Care Act (Public Law
23 111–148).

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