

Healthcare Sharing Ministry Tax Exemption Status

Date: December 19, 2019

To: Christopher Jin, CEO, Unite Health Share Ministries

Re: Compliance with 26 U.S.C. Section 5000A(d)(2)(B)(ii)

I. Introduction

The purpose of this memorandum is to evaluate the compliance of United Faith Ministries, Inc., d/b/a Unite Health Share Ministries (“UHSM”) with 26 U.S.C. Section 5000A(d)(2)(B)(ii), the section of the Affordable Care Act which set forth the federal definition for a health care sharing ministry (“HCSM”). As such, this memorandum will describe the requirements of Section 5000A(d)(2)(B)(ii) and note what UHSM has done to comply with each criteria. The below facts are based on information, documents, and statements provided to Husch Blackwell by UHSM. Finally, it should be noted that the scope of this memorandum does not extend to relevant state laws which may apply to UHSM.

II. Legal Requirements of 26 U.S.C. Section 5000A(d)(2)(B)(ii)

Under 5000A(d)(2)(B)(ii), “health care sharing ministry” is defined as follows:

1. Which is described in Section 501(c)3 and is exempt from taxation under section 501(a),
2. Where members of which share a common set of ethical or religious beliefs and share medical expenses among its members in accordance to these beliefs without regard to the state in which a member resides or is employed,
3. Members of which retain membership even after they develop a medical condition,
4. Which (or a predecessor of which) has been in existence at all times since December 31, 1999 and medical expenses of its members have been shared continuously and without interruption since at least December 31, 1999, and
5. Which conducts an annual audit which is performed by an independent certified public accounting firm in accordance with generally accepted accounting principles and which is made available to the public upon request.

III. Application of Legal Requirements to UHSM

The following analysis of UHSM’s current compliance applies to the five numerical requirements of Section 5000A(d)(2)(B)(ii) in order.

1. United Faith Ministries, Inc. is an IRS-approved 501(c)(3) non-profit which operates under the UHSM name. With respect to the 501(c)(3) status, a copy of the IRS’ favorable determination letter granting this status remains publicly available on the IRS website. As part of this process, UHSM was required to submit its 1023 Application, Articles of Incorporation, Bylaws, and other relevant documentation for the IRS to review. After review, the IRS determined that UHSM met the requirements to be a 501(c)(3) non-profit health sharing ministry. That status was applied retroactively to the date of UHSM’s application, and UHSM has continued to maintain this status.
2. UHSM’s Member Guide states that one qualification for membership is a “sincerely held religious beliefs relating to a mandate from God to live a healthy Christian lifestyle.” Exhibit A to the Member Guide also contains its members’ Statement of Faith and Shared Beliefs, which lays out the members’ common set of religious/ethical beliefs, as well as the sharing of medical expenses in accordance with those beliefs. The Member Guide also states that medical expenses of members can be shared without regard to the state in which a member resides.
3. The UHSM Member Guide allows for termination of membership in a number of scenarios, such as non-payment of the member’s monthly contribution or false statements with respect to medical history. On the other hand, the Guide does not contain any mechanism for termination of a member that develops a medical condition. In other words, development of a medical condition is not grounds for termination of membership. In addition, for serious illnesses, UHSM has created its Care Management Program, which helps with the medical expenses of those members who develop serious illnesses.
4. UHSM has finalized a Ministry Affiliation Agreement with a predecessor 501(c)(3) non-profit church whereby UHSM is “a successor to the Church’s existing practice of considering and sharing the community of believer’s health needs as part of the Church’s sincerely held religious beliefs since the Church was founded.” As with many church’s, UHSM’s affiliate church exists within the structure of a larger conference of churches, whereby the individual churches gain and maintain their 501(c)(3) status.

The conference of churches has been in existence since prior to December 31, 1999 and has been assisting individuals in need with medical care since the beginning of the existence of the church. In addition, the church also supports and contributes to hospital charity care and runs and operates a hospital.

5. Because UHSM received its 501(c)(3) approval in September of 2019 (retroactive to August of 2019), it has not yet conducted an annual audit. However, an annual audit will be conducted by an independent certified public accounting firm, Sullivan and Company, located in Akron, Ohio. This audit is scheduled to begin next year. Thereafter, UHSM will continue conducting annual audits, which shall be made publicly available upon request.

IV. Conclusion

While it is ultimately the authority of the IRS to determine whether an individual HCSM meets the requirements for compliance with Section 5000A(d)(2)(B)(ii), based on our review of the documents, information, and statements provided by UHSM, it appears that UHSM meets the definition of "health care sharing ministry" under Section 5000A(d)(2)(B)(ii) at this time.

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