

Flash:

Church-wide Healthcare Feasibility Study

A periodic communication about our work in support of the 75th General Convention's resolution to study the costs and issues around providing healthcare benefits to all clergy and lay employees serving churches, dioceses, and other church institutions.

Why a Church-wide Healthcare Feasibility Study?

- The cost of healthcare benefits is high and rising rapidly, placing an increasingly difficult financial burden on many dioceses, parishes, and individuals.
- The economics of the U.S. health-care environment are such that larger groups, with their greater purchasing power, are able to secure lower unit costs.
- Therefore, purchasing healthcare benefits collectively rather than per-parish or per-diocese could help slow the growth of costs.
- There are justice issues around healthcare benefits for church employees, many of whom do not participate in diocesan-endorsed health benefit programs.

Welcome to the first issue of *Flash*, the Church Pension Group's new communication intended to keep you up to date on our church-wide healthcare feasibility study and subsequent recommendations in regard to Resolution A147 of the 2006 General Convention. This material will also be available on the CPG website at www.cpg.org/healthcarestudy.

This issue of *Flash* provides details about what we've accomplished so far and the work that's currently in progress as we move toward developing a recommendation for the 2009 General Convention.

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Resolution A147 Church-wide Healthcare Feasibility Study

Resolved, That the 75th General Convention endorse the Church Pension Group's proposal to conduct a church-wide study of the costs and issues surrounding the provision of healthcare benefits to all clergy and lay employees serving churches, dioceses and other church institutions and to report their findings to the 76th General Convention; and be it further

Resolved, That all dioceses, parishes and other church institutions are urged to cooperate with the conduct of this study by responding to requests for data regarding employee census and healthcare costs; and be it further

Resolved, That this study will include an analysis of the potential for a mandated denominational healthcare benefits program and other viable alternatives, culminating in a recommended solution and an actionable implementation plan.



About the Awareness and Opinion Survey

The survey was conducted online in English and Spanish, and was available to all diocesan bishops and administrators, active and lay employees, seminarians, members of religious orders, and deputies to the 2006 General Convention. The survey was conducted by phone for diocesan bishops and administrators.

Results of Recent Data-Gathering

Awareness and Opinion Survey: Creating a Baseline of Information

In April, the Church Pension Group launched an Awareness and Opinion Survey to learn what our constituents know about Resolution A147, and to get a better understanding of the importance of healthcare benefits to the Church.

Over 3,000 participants responded. They were nearly evenly divided between clergy and lay, and included 334 General Convention deputies. Overall, we found that respondents agreed with the concept of the healthcare feasibility study and the importance of conducting it. In addition,

- Nearly all respondents agreed that:
 - The cost of healthcare is high and rising rapidly toward levels that are unsustainable (96%).
 - Controlling the rising cost of healthcare for each church employer is an important issue for the Church to address (95%).
 - The cost of healthcare benefits as a percentage of an employee's compensation package in the Episcopal Church is growing (85%).
 - Purchasing healthcare benefits collectively rather than per-parish or per-diocese could help slow the rising cost of healthcare coverage (79%).
- Only about half of all respondents realized that some Church employees are asked to fund the cost of healthcare benefits in whole or part themselves which results in a significant number going without coverage.
- Respondents generally agreed that:
 - Collecting and analyzing information about employees' out-of-pocket healthcare costs was important to produce an objective report (90%).
 - The Episcopal Church should offer a church-wide healthcare program to all employees and clergy (88%), and doing so would send the message that the Church cares about protecting the interests of clergy and lay employees (86%).
 - A church-wide healthcare program is a key driver to slowing the rising cost of healthcare for the Church overall (75%).

Denominational Benchmark Study: Understanding How Other Denominations Approach Healthcare

In the Episcopal Church today, each diocese functions separately and alone in the purchasing, administration, and delivery of health benefits. This results in a duplication of effort, the inability to take advantage of economies of scale, and unequal costs and benefits across the Church. As Resolution A147 states, one of the purposes of the feasibility study is determining whether a mandated denominational healthcare benefits program would be a viable option for the Episcopal Church. Therefore, it was important for us to define what a denominational health plan is and what it isn't, and to understand what other denominations are doing in this regard.

We conducted a benchmark study with a number of other denominations to inform our efforts to model plan design, financial, and organizational components of a denominational health plan. The denominations surveyed include:

- Presbyterian Church U.S.A.
- Evangelical Lutheran Church in America
- Lutheran Church-Missouri Synod
- United Methodist Church
- Southern Baptist Convention

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“Overall, people believe that what we’re embarking on is important and that we’re moving in the right direction.”

– Timothy Vanover
Project Manager, Healthcare Coverage
Feasibility Study

“Surveying employers is essential in order for us to obtain the appropriate data for understanding the current healthcare coverage situation within the Church, so that we can create the best long-term solution.”

– The Rev. Robert Griffith
Data Analyst, Healthcare Coverage
Feasibility Study

Some the objectives of the benchmark study were to:

- Identify the goals of denominational health plans
- Identify the underlying theological values, including justice and social issues, and leadership opportunities
- Identify governance structures
- Determine prevalent plan designs and future design trends, as well as prevalent operational and organization structures and processes
- Identify legal, financial, and fiduciary issues

Here’s what we learned:

- The Presbyterian Church U.S.A. provides a denominational health plan that is mandated, albeit only for pastors and associate pastors. Other clergy such as hospital chaplains may also participate.
- The Evangelical Lutheran Church in America (ELCA) mandates healthcare benefits for certain employers (the Lutheran Center, the Board of Pensions, and all synod offices and seminaries) through participation in ELCA’s Pension and Other Benefits Program (which includes the health plan). Participation is voluntary for employees of ELCA congregations and institutions.
- Although the Lutheran Church-Missouri Synod does not mandate healthcare benefits for clergy or lay employees, enrollment in their denominational health plan is high as a result of bundling the health plan with the pension plan. A single board manages both the health and pension plans.
- In almost all denominations studied, the health plan is administered by the pension board.
- All of the denominations use BlueCross BlueShield as the primary carrier because of the breadth and depth of that network and the level of discounts available.
- The most prevalent plan design is a Preferred Provider Organization (PPO).
- The majority of the plans have higher deductibles than those of the plans currently offered throughout the Episcopal Church.

While this information is helpful to us in our deliberations, it will not necessarily dictate the design of any plan we may ultimately recommend.

Employer Questionnaire: Understanding Episcopal Employers’ Current Healthcare Plans

Beginning in June 2007, all Church employers were asked to provide healthcare cost and benefit data to help us better understand what the Church is currently doing to provide healthcare coverage for clergy and lay employees, including the range of benefits offered and the associated costs to the church or institution providing the coverage.

While we’re still collecting and reviewing the data, **preliminary findings show that there is no consistent rule, policy, or canon about healthcare among Episcopal dioceses.** This situation is precisely what Resolution A147 is hoping to address through the concept of a single denominational health plan available across the Church. In addition, the analysis of the financial data we’ve received thus far indicates that **the Church will spend a cumulative \$135 million in healthcare dollars during 2007.**

Individual Questionnaire: Listening to Employees About Healthcare

In June, all active clergy and lay employees were asked to complete a healthcare benefits questionnaire so that we could learn more about their current sources of healthcare coverage and their out-of-pocket costs for healthcare services.

This research is still ongoing; we will share the results with you in the next edition of *Flash*.



“A healthy employee is a productive employee. Therefore, it’s important to include health improvement programs as part of any health plan offering to ensure employees have access to resources that can help them improve and maintain their health.”

– Libby Miller
Assistant Vice President
Clinical Management & Member Wellness

Trends in the Marketplace

What we’re seeing in the healthcare marketplace today is another important factor in the development of our thinking.

These trends include the following:

- The cost differential between the HMO and the PPO has decreased significantly.
- PPOs are gaining in enrollment across the United States.
- 89% of small employers (employers with fewer than 200 employees) offer employees only one plan type.
- 27% of covered workers had a deductible of \$500 or more in 2006.
- 71% of large firm employers believe that consumer-driven health plans are effective at containing costs.

Source: Kaiser Employer Health Benefits 2006 Annual Survey

Plan Design Commences

Baseline Requirements

Informed by a wide range of data and information, we are now beginning to construct the basics of a possible denominational health plan.

We believe such a plan should:

- Mitigate cost increases for the Church as an employer.
- Ensure that all employees have access to a health plan, regardless of geographic location.
- Be flexible to meet the individual needs of a diverse population, i.e., offer choice.
- Provide financial protection, i.e., the plans must have a reasonable annual out-of-pocket maximum and lifetime maximum.
- Provide broad access to quality (high-performing) and cost-effective healthcare providers.
- Include a comprehensive health improvement program that will encourage member accountability through lifestyle coaching and disease management programs.
- Encourage appropriate use of healthcare services.
- Be portable wherever employees work within the Church.
- Be competitive within the marketplace.

Initial Plan Design

Although we are in the early stages of plan design, we have identified several criteria, the most important of which is to offer plan choices based on regional or geographic need, availability, and price. That said, we must recognize that savings come from having a critical mass of participants in plans. Of the types of plans that are likely to be available in many areas of the country (but not necessarily all), we hope to offer choices that include PPO, EPO, HMO, and HDHP/HSA (high deductible health plans with health savings accounts) plans. An HDHP is normally based on a PPO platform; an HSA allows the member to save for current and/or future qualified medical expenses with tax-free money deposited into an account.

Ideally, plans should include the following advantages:

- Broad access to providers
- Patient self-referral where it makes sense, i.e., no gatekeeper
- Flexibility to respond to the ever-changing healthcare landscape
- Optimum balance of cost and plan design for clergy, lay employees, their families, and the Church
- Financial and operational sustainability over time



Analyzing Provider Networks

We're currently reviewing a range of possible provider networks to determine which would be most appropriate for the Episcopal Church. Elements for consideration include the size of the network and the level of discounts each healthcare carrier offers.

Our plan design work has just started, and we will have more to tell you in the next issue of *Flash*.

Determining Funding of the Healthcare Plan

Our recommendation will include a proposal for the funding of any denominational employee healthcare benefits program. There are lots of ideas on the table, and we are studying them all.

We Want To Hear From You: More Feedback Opportunities

We've been traveling across the country this fall, conducting focus groups to hear what you have to say about the plan design and about healthcare in general. Invitations were sent to a large representative sample of the clergy and lay employees in each of the locations we're visiting. Locations include Florida, Minneapolis, New York, Wisconsin, Virginia, California, Pennsylvania, and Rhode Island. We've also made presentations to over 100 diocesan administrators and 70 parish administrators at the recent annual Episcopal Business Administrators Conferences — EBAC for Dioceses and EBAC for Parishes — and had the opportunity to speak one-on-one with many of them.

Additional in-person feedback opportunities, including more focus groups in other parts of the country, will be provided during 2008 and 2009, so that we can speak directly with many more of you. Regional Forums will be held around the country in 2009, to present and explain the recommendation that will be voted on at the next General Convention. A second Awareness and Opinion survey will be fielded late this year or early next.

Throughout the process, we welcome your feedback at any time. Email us at dhpstudy@cpg.org or call Tim Vanover at (800) 223-6602 x9405.

New Survey on the Way

Watch for a new survey coming your way in January, designed to elicit your feedback on some initial concepts for a potential denominational health plan and to help us gauge how well we're keeping you informed about the healthcare coverage feasibility study. We ask you that you please take a few minutes to complete this brief questionnaire.

Two thousand clergy, lay employees, and General Convention deputies will be randomly selected to receive this survey, which can be completed either online or by phone. If you're one of them, you'll receive an email and printed communication in the mail, explaining how to participate. We thank you in advance for your time and input.

In 2009, the 76th General Convention will receive a new resolution under which to consider recommendations from the church-wide healthcare feasibility study including a possible denominational health plan (dhp). This new resolution will be assigned a new number. Therefore, in order to avoid confusion later on, we will no longer refer to "A147" when communicating with you about our work in regard to this feasibility study. When the new resolution number is assigned by General Convention, probably early in 2009, we will disseminate a special issue of *Flash* to alert you to it.

For this reason, we have changed the email address at which you can contact us to dhpstudy@cpg.org

And of course, you can continue to call Tim Vanover at (800) 223-6602 x9405.



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Church-wide healthcare feasibility study — what you need to know now.