

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

May 2008

"I must admit that I was initially skeptical of the idea of a denominational health plan because I was not sure how it would intersect with our diocesan health plans. After seeing a recent presentation about the denominational health plan, however, I found both the information and the clarifications very reassuring. I am now convinced that this can be done in a way that will be beneficial to all, and I am very thankful that CPG is giving this issue such serious and thorough attention."

—The Rt. Rev. Greg Rickel
Bishop of Olympia

Welcome to the May 2008 issue of *Flash*, the Church Pension Group newsletter intended to keep you up to date about our **church-wide healthcare feasibility study** and subsequent recommendations in regard to a possible denominational health plan. This material is also available on the CPG website at www.cpg.org/healthcarestudy.

This edition of *Flash* explains the advantages that a denominational health plan offers the Church, describes in detail a preliminary denominational health plan model, and provides an update on plan development and next steps.

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"I believe the denominational health plan is a thoughtful response to a complex issue. In the absence of a national approach to healthcare, churches must take the lead in addressing the health of body, mind, and spirit in innovative ways. By ensuring that both clergy and lay employees receive access to appropriate healthcare, The Episcopal Church will be a model to other denominations, while at the same time taking steps to truly reclaim the Gospel imperative of health and wholeness."

—Matthew Ellis
Executive Director
National Episcopal Health Ministries



“It’s reassuring that, at the executive level of our Church, there are creative and committed people working on our behalf to find a solution to this mounting crisis. As a clergy person in a small church, I look forward to the day when the burden of healthcare costs is borne collectively. This hope will be realized when our power as a denomination is leveraged for more affordable healthcare. It is a truly positive move for the wider Church to contain costs and thereby release resources for the transforming work of the Gospel. Thank you for your work so far.”

—Gareth Evans
Rector, St. John’s Episcopal Church
Charlestown, MA

The Importance of Sustainable Healthcare Coverage: What Would You Do Without It?

Think about what it would cost if you didn’t have coverage when you received healthcare services. How much would you pay for a visit to the doctor for a routine check-up, for example, or for outpatient surgery? How much would it cost you to fill a drug prescription?

With the cost of healthcare continuing to rise, The Episcopal Church needs to find a way to prevent the cost of healthcare benefits from becoming unsustainable. Otherwise, the security of healthcare coverage for Church employees could be in jeopardy.

Compare the cost of common healthcare services if you have coverage under a typical healthcare plan against what these services would cost you if you didn’t:

Side-by-Side Cost Comparison

Healthcare Service	Your Cost without Healthcare Coverage	Your Cost with Healthcare Coverage*
Preventive Care Visit—Child	\$150	\$0
Preventive Care Visit—Adult	\$195	\$0
Emergency Room Visit	\$820	\$50
Colonoscopy (Diagnostic)	\$870	\$42
Upper GI Endoscopy Biopsy	\$730	\$213
X-Ray (Hip)	\$140	\$6
X-Ray (Ankle)	\$125	\$6
Knee Arthroscopy/Surgery	\$2,480	\$293

*Assumes coverage under the proposed EPO Denominational Health Plan design
Sources: Medstat Marketscan database and Hewitt Discount Analysis database

Good, affordable healthcare coverage is essential for treating both routine and catastrophic illness, and can help maintain your health and well-being. With a denominational health plan, you would have quality, affordable healthcare coverage that’s secured by the canons of The Episcopal Church.

Employers and Employees Agree: A Denominational Health Plan is Right for The Episcopal Church

After a great deal of research and analysis over the past year, we have come to the conclusion that a denominational health plan has many outstanding advantages for the Church. And various comments offered during conversations, emails, and interactions with the Church at various levels indicate that many clergy and lay employees around the country agree.

Through focus groups, presentations, and one-on-one conversations – including the April meeting of the Conference of Diocesan Executives (CODE) and the recent annual Medical Trust meeting with diocesan administrators – the majority of employers, clergy, and lay employees have expressed agreement that a denominational health plan is the best approach to take.



"I have long been impressed with the efforts made by the Church Pension Group, through the Episcopal Church Medical Trust, to create affordable healthcare options for all employees regardless of parish or diocesan size. The effort to bring the Church together to "work for the good of all" is to be commended. The combined influence of the larger Church body will truly move us toward a more equitable solution for all who serve."

—Sumner Jenkins
Organist-Choirmaster
Calvary Episcopal Church
Memphis, TN

Important Advantages of a Denominational Health Plan Include:

- The security of ongoing coverage
- Plans that offer free routine and preventive care
- Universal access for all employees
- High likelihood of maintaining your current doctor
- Financial protection from catastrophic healthcare expenses
- The ability to purchase healthcare benefits regardless of pre-existing conditions
- Coverage that is portable, which means you can take it with you if you end employment with the Church
- Premiums, deductibles, and out-of-pocket expenses that are affordable
- The availability of the same health plans that Church employees currently have, or very similar ones
- Decreased administrative burden for employers

Preliminary Denominational Health Plan Model

In consultation with the Healthcare Feasibility Study Advisory Committee of the Church Pension Fund Board, the project team has developed a denominational health plan model that addresses the following three overarching issues:

- **Equity** between clergy and lay employees who are regularly scheduled to work 30 or more hours per week
- **Appropriate balance** between the financial constraints of The Episcopal Church and the cost of providing adequate health benefits
- Increased potential **savings** by leveraging large scale purchasing of healthcare benefits

Key Elements of the Model Include:

- **Collective Purchasing and Financial Administration**
Central to the establishment of a denominational health plan will be that all Episcopal Church employers subject to the mandate will purchase health plans solely through the denominational health plan administrator. This will enable the Church to leverage its overall size and obtain lower unit costs. After careful analysis, it has been determined that the Episcopal Church Medical Trust should administer the plans and be responsible for the financial administration of the program through the Episcopal Church Clergy and Employees Benefit Trust – a VEBA (voluntary employees' beneficiary association).
- **Categories of Employers of The Episcopal Church Mandated to Participate in the Denominational Health Plan**
 - *Dioceses*: Domestic U.S. dioceses, including Puerto Rico. (Non-domestic dioceses require further study and additional conversations with their respective diocesan representatives, which will take place this spring.)
 - *Parishes and Missions*: 7,155 domestic parishes and missions fall into this category.
 - *Ecclesiastical organizations or bodies subject to the authority of the General Convention*: These are defined as the Domestic and Foreign Missionary Society, the Church Pension Fund, Episcopal Relief and Development, Forward Movement, the General Theological Seminary, and the Archives.
 - *Other ecclesiastical organizations and agencies*: These employers may participate on a voluntary basis but they would not be required by the canon to participate in the denominational health plan nor fund benefits for their employees. If an employer chose to participate on a voluntary basis, all employees would have access to enroll in an available health plan regardless of whether or not the employer were paying the premium.



A Word About Deductibles

A deductible will be included in all but one of the plan designs. (Currently, only 600 participants in plans now offered by Church employers do not have a deductible.) A plan without a deductible is ultimately unsustainable since it is significantly more costly than plans that include deductibles. An appropriate level of cost-sharing between Church employers and participants is essential for the continuance of Church-provided healthcare coverage.

- **Diocesan/Institutional Control and Choice**

- *Plan Options:* The denominational health plan will provide dioceses, agencies, and institutions with a number of plan options from which to choose. Employers can change plans annually, and employees will be able to make annual enrollment decisions during Open Enrollment.
- *Coverage Levels:* The denominational health plan will require employers to provide and fund equal healthcare benefits for lay and clergy employees and their eligible dependents – e.g., single employees will receive *Single* coverage and married employees will receive *Family* coverage. Domestic partner benefits will be administered in accordance with General Convention Resolution 1997-C024.
- *Cost-Sharing:* An annual process will be established through which dioceses, agencies, and institutions may adopt a group-wide level of employee contributions for health benefits coverage. The cost-sharing requirements will be the same for both clergy and lay employees.
- *Schools and Day Care Facilities:* The denominational health plan will establish a process by which dioceses may, on an annual basis, adopt a policy establishing whether or not employees working in schools or day care facilities will be covered by the denominational health plan. This policy will apply whether or not they are employees of organizations that would otherwise be required to participate in the denominational health plan. The policy will provide that clergy and lay employees in schools and day care facilities are treated the same.

- **Categories of Employees of The Episcopal Church Subject to a Mandatory Denominational Health Plan**

- *Clergy* regularly scheduled to work 1,500 hours per year for one or more Episcopal Church employers and receiving a W-2. There are an estimated 5,900 active clergy in this category, of which an estimated 1,000 have healthcare coverage through non-Church sources. (Note: Non-stipendiary clergy and retired clergy serving in congregations on an interim or supply basis would not be included in the mandate but would have access to participate in the program).
- *Diocesan and parish lay employees* regularly scheduled to work 1,500 hours per year for one or more Episcopal Church employers and receiving a W-2 from a diocese or parish. There are an estimated 6,950 lay employees in this category, of which an estimated 3,600 have medical coverage through non-Church sources. In addition, an estimated 4% to 5% of lay employees have no healthcare benefits coverage.
- *Lay employees of Episcopal agencies and institutions* regularly scheduled to work 1,500 hours per year for one or more Episcopal Church employers and receiving a W-2. There are an estimated 1,400 employees in this category who have healthcare coverage through Church sources.

- **Employee Registration/Enrollment Process**

There will be an employee registration process administered by the Church Pension Fund to assist the Church and its employees in enrolling in the denominational health plan.

- **Opt-Out Option**

Clergy and lay employees who have health benefits through approved sources will be allowed to maintain their existing coverage and will not be required to participate in the denominational health plan. Approved sources are yet to be fully defined but could include military service benefits through Tricare, coverage through a spouse's employment, or coverage from a previous employer. It is anticipated that approximately 3,700 employees will opt out of the denominational health plan.

- **Church-wide Advisory Committee**

A Church-wide Advisory Committee will be established, with membership drawn from participating employer groups and employees.

Seven Proposed Plan Designs

A denominational health plan would offer not just one health plan but a range of plan designs from which employers and employees could choose. In developing the proposed plan designs below, the Healthcare Coverage Feasibility Study project team analyzed more than 100 plan designs currently offered across the Church, and designed seven draft plans, using five nationwide vendors. We then conducted an impact/sensitivity analysis of these seven plans. That analysis showed that 98% of employees will have the same or improved healthcare benefits under the proposed denominational health plan.

Below is a comparison summary of the seven draft plan designs. Note that, although we consolidated the health plans offered nationwide, the proposed plan designs are still similar to those that most employees currently have. This chart is for illustrative purposes only.

Medical

Plan Provisions	PPO 100/70 II	PPO 100/70	PPO 90/70	PPO 80/60	EPO 90	HMO	HDHP II
DHP Plan Type	PPO	PPO	PPO	PPO	EPO	HMO	PPO
Vendor	BCBS / United	BCBS / United	BCBS / United	BCBS / United	Aetna / BCBS	Aetna / Kaiser / Group Health	BCBS / CIGNA
PCP Required	No	No	No	No	No	No	No
Routine/Preventive Care	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Network Deductible	\$0	\$200	\$250	\$500	\$200	\$0	\$2,700
Network OOP Max (Incl. Deductibles)	\$0	\$200	\$1,250	\$2,000	\$1,200	N/A	\$4,200
Network Coinsurance	100%	100%	90%	80%	90%	100%	80%
Office Visit	\$25	\$25	\$25	\$25	\$25	\$20	N/A
Non-Network Deductible	\$500	\$500	\$500	\$1,000	N/A	N/A	\$3,000
Non-Network OOP Max (Incl. Deductibles)	\$3,500	\$3,500	\$3,500	\$5,500	N/A	N/A	\$7,000
Non-Network Coinsurance	70%	70%	70%	60%	N/A	N/A	55%

Prescription Drug

Plan Provisions	Standard	Premier	HDHP
Deductible - Retail	\$50	\$50	Combined with Medical
Retail - Generic Copay	\$10	\$5	15%
Retail - Brand Formulary Copay	\$30	\$20	25%
Retail - Brand Non-Formulary Copay	\$50	\$35	50%
Mail - Generic Copay	\$25	\$12	15%
Mail - Brand Formulary Copay	\$70	\$50	25%
Mail - Brand Non-Formulary Copay	\$120	\$80	50%



We Want Your Feedback!

Your feedback is invaluable in helping us design a denominational health plan for presentation to General Convention that meets the unique needs of clergy and lay employees.

Go to www.cpg.org and click on [Healthcare Coverage Feasibility Study](#) on the right side of the screen. Then click on the [email us](#) link under "Tell Us What You Think." You can also email us directly at dhpstudy@cp.org.

Overseas Dioceses

Initial information we have compiled to date about healthcare programs in Colombia, the Dominican Republic, Ecuador, Haiti, Honduras, Puerto Rico, Taiwan, Venezuela, and the Virgin Islands indicate that the provision of healthcare benefits in overseas dioceses is complex and challenging. As we continue our work, we will be conducting further research regarding overseas dioceses to determine if the denominational health plan is a viable option.

Key Steps to Implementation: General Convention Resolution and Canonical Changes

In order to launch a mandatory denominational health plan for active clergy and lay employees, the Church Pension Fund Board will draft and present a resolution to the 2009 General Convention. The resolution will outline the principles of a denominational health plan and will give the Church Pension Fund authority to establish and administer the denominational health plan for The Episcopal Church to provide healthcare benefits for the eligible clergy and lay workers as well as their eligible dependents. If passed, the resolution can be incorporated in the canons, most likely through amendments to the existing Church Pension Fund canon (Title I, Canon 8).

We Want to Hear From You!

New Survey Being Disseminated

All clergy, lay employees, and General Convention deputies will soon be asked to complete a new survey which will solicit feedback on initial concepts for a denominational health plan and help us gauge how well we're keeping you informed.

Meanwhile, Our Work Continues

The Healthcare Coverage Feasibility Study project team is continuing to work toward creating a denominational health plan that provides the important advantages mentioned earlier in this newsletter: **security of coverage, free preventive care, likelihood of keeping your current doctor, financial protection from catastrophic expenses, availability of coverage regardless of pre-existing conditions, portability, affordable premiums, deductibles, and out-of-pocket expenses, availability of the same or very similar health plans, and decreased administrative burden.**

We invite your feedback. Go to www.cpg.org and click on **Healthcare Coverage Feasibility Study** on the right side of the screen. Then click on the **email us** link under "Tell Us What You Think." You can also email us directly at dhpstudy@cp.org.

Future Communications

We will continue to update you during the coming year. More information will be included in the CPG Annual Report coming in August, and the next issue of *Flash*. We'll also be holding additional focus groups in selected locations around the country.



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