EPISCOPAL CHURCH MEDICAL TRUST
An Affiliate of Church Pension Group

Denominational Health Plan 2024 Annual Report

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Since its inception in 2009, the *Denominational Health Plan (DHP)* has offered comprehensive healthcare coverage to members. At the same time, The Episcopal Church Medical Trust continues its efforts to contain healthcare costs, provide equitable churchwide pricing of plans, and provide equal access to and parity of healthcare funding for eligible clergy and lay employees of The Episcopal Church.

Because the Medical Trust recognizes that healthcare can create financial burdens, it remains focused on containing costs as well as providing consistent service and broad access to high-quality benefits, thus balancing compassionate care with financial stewardship.

Background

The General Convention of The Episcopal Church passed Resolution 2009-A177 and Resolution 2012-B026, requesting that the Medical Trust administer a national healthcare plan and submit an annual status report to the Church. These resolutions also did the following:

- Established the DHP to provide health benefits to clergy and lay employees who work a minimum of 1,500 hours annually for domestic dioceses, parishes, missions, and other organizations or bodies subject to the authority of the Church
- Tasked employers with ensuring cost-sharing parity between clergy and lay employees
- Asked that the Medical Trust continue to reduce cost disparities between dioceses

Six years later, Resolution 2018-C023 urged that the Medical Trust strive to make available at least two national health insurance providers in each diocese.

The 80th General Convention (GC) passed Resolution 2022-D034 establishing a task force to review the DHP's structure and offerings and report back to GC81 with options to reduce costs across the Church and details about the benefits and the reasoning behind the pricing of each option.

2024 Resolution A101

In Resolution 2024-A101, GC81 reaffirmed The Episcopal Church's commitment to benefit parity between clergy and lay employees and recommended that the Medical Trust do the following:

- **Make health plans self-sufficient and self-funding at each benefit level.**
  To align with this recommendation, our Anthem and Cigna PPO100/90 plans and our Kaiser EPO High Plan are now subject to higher rate increases than plans with less generous benefits.
- **Provide equitable churchwide pricing of plans, based on such factors as the community's ability to pay for benefits and the prevailing cost of comparable coverage within the plan area.**
  We are beginning this work in 2025 by determining what data elements could be used to define "ability to pay" and will discuss possible options with leaders in the Church.
- **Adopt a pricing structure that ensures that The Episcopal Church in Navajoland and the Dioceses of Alaska, North Dakota, and South Dakota are able to offer Medical Trust plans to eligible employees and dependents.**
  This was done, and we are pleased to report that spreading the cost of this improvement across our membership resulted in a cost increase of only 0.1% in contribution rates for 2025.

2024 Resolution A102

Resolution 2024-A102 urged CPG to continue our efforts to educate group administrators about the selection of benefits offered to employees, covered communities, and the whole church, particularly (1) Medicare Secondary Payer Small Employer Exception plans and the potential cost-saving opportunities they present for eligible small employers and their 65-and-over employees and (2) Consumer Directed Health Plans paired with Health Savings Accounts (CDHP-HSA) and how institutions can transition employees to CDHP-HSAs.

Value of the DHP

- Meaningful choice – The DHP allows dioceses greater flexibility to choose among options offered than would corporate plans or state-based exchanges. Medical Trust options include platinum, gold, and silver plans and two pharmacy plan designs.
- Comprehensive benefits – The DHP offers vision and hearing benefits, an Employee Assistance Program, travel medical assistance, health advocacy, and optional dental plans.
- Broad networks – The DHP continues to offer plans with broad national networks (Anthem and Cigna) plus a regional plan (Kaiser), whereas the networks of state-based exchanges are more limited. Although state plans may feature lower premiums, they do so at the expense of benefits, participant choice, and access.

Controlling Health Coverage Costs

The Medical Trust remains committed to providing the lowest possible cost while maintaining competitive coverage.

Annual cost increases on the lower end of national trends. For 2025, the Medical Trust required an average annual increase in contribution rates of 6.6%, compared with an estimated national increase of 8.0%.[1] This is especially noteworthy because DHP claim costs were 16% higher than those of the average US employer.[2] These higher costs were driven primarily by three factors:

- Older population – The median age of individuals covered by the DHP is 51, compared with 42[3] among those covered by employer-provided health plans. This is significant because older adults are more likely to use healthcare services, including for chronic conditions, and thus to raise the cost of claims.
- Richer plans – Whereas US employers have tended to shift to plans with higher out-of-pocket costs for their insured, 99% of DHP members are enrolled in rich plans (platinum and gold), which feature the lowest member out-of-pocket cost share.[4]
- Higher prescription costs – In 2024, the Medical Trust's year-over-year trend increase for GLP-1s used specifically for weight loss rose by 148%, compared with 124% for peers.[5] However, the higher GLP-1 cost was partially offset by lower specialty drug prices in 2024 versus 2023, owing largely to the availability of newly approved Humira biosimilars.

Between 2009 and 2025, average cost increases for the DHP have ranged from 4% to 6% per year versus 7% to 9%[6] per year for large US employers during the same period.

Lower administrative costs. Ninety-one percent of contributions to the Medical Trust are budgeted to pay for the cost of healthcare services received by DHP participants (clergy, lay employees, and their dependents). The remaining portion goes toward plan administration (accessing national networks, processing claims, providing member services, etc.) and internal operations (plan sponsor and administrative responsibilities, billing and collections, call center, etc.). By removing such added costs as state premium taxes, commission fees, and risk/profit premium loads, the DHP allows the Church to provide medical coverage that is similar to that offered by large US corporations.

Cost containment through economies of scale. By aggregating the purchasing power of Episcopal employers, the DHP lowers overall health insurance rates for Participating Groups. For 2025, its bargaining position benefited from having approximately 12,000 active clergy and lay employees in its health plans.

[1] PricewaterhouseCoopers. (n.d.). Medical cost trend: Behind the numbers 2025. https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html.
[2] Alliant Insurance Services, Claims Cost Benchmarking. April 11, 2025.
[3] Ibid.
[4] Ibid.
[5] ESI 2024 Year End Review on April 15, 2025.
[6] Custom comparison includes charities, nonprofits, and companies in the higher education sector.

Analysis by an external consultant confirmed that given plan value and member age, gender, family size, risk characteristics, and geographic location, the Medical Trust claim costs are in line with benchmarks.[7]

Consultations with CPG professionals. Every year since 2014, all domestic dioceses have participated in the DHP and received support from the Medical Trust as they decide what plans to offer and try to achieve parity in benefits funding for clergy and lay employees.

Multiple cost-saving initiatives. To keep annual increases low without significantly raising out-of-pocket costs or watering down access/restricting care for members, over the past 15 years the Medical Trust has taken the following steps:

- Joined a prescription drug purchasing coalition with other denominations.
- Joined the SaveOnSP manufacturer copay assistance program.
- Implemented a medical channel management to cover certain specialty medications exclusively within the Express Scripts pharmacy benefit.
- Introduced Hinge Health, a digital musculoskeletal wellness program, for members whose plans use the Anthem and Cigna networks.
- Introduced a coinsurance-based prescription drug benefit plan and a new cost-sharing tier for specialty drugs.
- Implemented and promoted the Medicare Secondary Payer Small Employer Exception Plan.
- Required appropriate utilization management to ensure optimal outcomes and the use of evidence-based treatments.

Fund for Medical Assistance for Non-Domestic Dioceses

The Fund for Medical Assistance (FMA) was established to help eligible clergy and lay employees and their eligible dependents in dioceses that cannot participate in the DHP to defray the cost of medically necessary healthcare expenses not otherwise covered by public or private insurance.

In 2023, the Board of Trustees expanded the availability of funds, and in 2024 further extended eligibility to include clergy of eligible employers in the Convocation of Episcopal Churches in Europe who work at least 1,500 hours per year, retired clergy in good standing in the Convocation who receive a pension benefit from the International Clergy Pension Plan, and their eligible dependents. As of January 1, 2025, CPG's annual FMA commitment was $370,000.

In 2024, The Church Pension Fund granted a total of $49,555 in FMA funds to pay for healthcare expenses for eligible participants in non-domestic dioceses.

[7] *Alliant Insurance Services, Claims Cost Benchmarking. April 11, 2025.*

The Way Forward

The Medical Trust has been exploring—and continues to explore—opportunities for improving member benefits and/or managing costs through several initiatives.

Healthcare Navigator

Overwhelming healthcare decisions can be detrimental to the health and well-being of members and lead to higher costs. A navigator serves as a single point of contact for members and helps them overcome barriers to healthcare, engage more effectively with providers, and experience better outcomes.

After evaluating several vendors in 2023, last year the Medical Trust selected Quantum Health as its healthcare navigation provider. On January 1, 2025, Quantum began offering its services to members enrolled in plans that use the Anthem and Cigna networks. As part of this initiative, the Medical Trust is examining social determinants of health to identify ways we can help members experience better health outcomes.

The transition to Quantum has not been seamless for all of our members, especially for those processing out-of-network claims. Most of the problems have arisen from certain plan features being programmed incorrectly by our new claims processing vendors. We are in close contact with those vendors and working toward a solution. Overall, member satisfaction with Quantum's service is higher than the industry benchmark, but we know that some members have experienced suboptimal service, which is unacceptable. This has been taken extremely seriously and is being resolved.

Behavioral Health Support

Consistent with national rates, over a quarter of the Medical Trust's membership had at least one behavioral health claim in 2024. Behavioral health visits overall and Employee Assistance Program (EAP) utilization have also been trending upwards. Therefore, the Medical Trust has begun offering EAP benefits to international clients, promoting the EAP, and, through Quantum Health, exploring options to (1) expand access to behavioral health providers digitally and (2) connect members with the behavioral healthcare service most suited to their needs.

Impact of GLP-1s

GLP-1 drugs, which are used to treat type 2 diabetes, are also highly effective for weight loss. However, GLP-1 drug coverage is expensive, with an estimated annual manufacturer's list price of $12,200 to $17,600 per person when used for weight loss.[8] The net cost to the plan in 2024 was $2.8 million.

The Medical Trust covers GLP-1 drugs for weight loss as well as diabetes, according to clinical guidelines developed by the US Food and Drug

[8] *Ally AJ, et.al (2023). Payer strategies for GLP-1 medications for weight loss [White paper]. Milliman. https://www.milliman.com/en/insight/payer-strategies-glp-1-medications-weight-loss.*

Administration (FDA) and applied by the Medical Trust's claims administrators. GLP-1 drugs accounted for 10.3% of our overall pharmacy costs in 2024. The new guidelines are focused on medical necessity, and some who previously used GLP-1 drugs may no longer qualify for GLP-1 coverage.

On January 1, 2025, we implemented EncircleRx with Express Scripts to help control GLP-1 drug costs and ensure appropriate utilization and adherence. We recently put EnReachRx in place, a patient support program that builds on EncircleRx by offering dose-optimization assistance; enhanced fraud, waste, and abuse detection/intervention; side effect management; and a new home delivery option.

In Summary

The outlook for the DHP remains positive, as it continues to make valuable benefits available at a cost that is difficult to match for the level of service provided. As we live into the transition to Quantum Health, we are committed to improving and simplifying client experience through the company's expert guidance and personalized support.

We will continue to monitor the healthcare environment, medical trends, and applicable laws that may affect costs while remaining focused on best business practices and offering comprehensive, cost-effective health benefits.