EPISCOPAL CHURCH MEDICAL TRUST
An Affiliate of Church Pension Group

Denominational Health Plan 2025 Annual Report

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Since 2009, the *Denominational Health Plan (DHP)* has provided members with comprehensive, high-quality healthcare coverage. Over the intervening years, The Episcopal Church Medical Trust has worked to manage the costs of healthcare coverage, maintain fair and consistent plan pricing across the Church, promote equitable access to healthcare funding for eligible clergy and lay employees, and deliver dependable service—balancing compassionate care with sound financial stewardship.

Controlling Healthcare Costs in a Rising-Cost Environment

Amid some of the highest market trend levels seen in the last 30 years, employer-sponsored plans continue to face sustained cost pressure, driven by factors largely beyond any single plan's control, including medical inflation, rising prescription drug prices, increased chronic disease prevalence, and regulatory coverage mandates.

Within this environment, the Medical Trust focuses its cost-containment efforts on the areas it can directly influence, such as plan design, pooling and purchasing power, care navigation, utilization management, and administrative efficiency. Together, these levers help moderate annual increases, support equitable pricing across the Church, and ensure that high-quality benefits remain accessible, even as broader market conditions continue to change.

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 annual status reports to the Church. These resolutions also

- established the DHP to provide health benefits to clergy and lay employees working at least 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-share parity between clergy and lay employees; and
- called on the Medical Trust to continue reducing cost disparities among dioceses.

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

The 80th General Convention passed Resolution 2022-D034, which created a task force to review the DHP's structure and offerings and report back to the 81st General Convention with cost-reduction options for the Church, along with an explanation of each option's benefits and pricing rationale.

Resolution 2024-A101

In Resolution 2024-A101, the 81st General Convention 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 continue to experience higher rate increases than plans with less generous benefits. For the 2026 plan year, these increases were not as steep as those applied for 2025, but they are still a few points higher than increases for lower-value plans.

- *Establish 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.*

In 2025, we began analyzing available data and working with Church leaders to define and determine how to measure "ability to pay." A panel of bishops has been selected to test the findings and review practical examples.

- *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*.

We fulfilled this mandate in 2024 and 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 and 2026.

Resolution 2024-A102

The 81st General Convention also passed Resolution 2024-A102, which called on the Church Pension Group (CPG) to continue educating employers and employees about the savings available through Medicare Secondary Payer Small Employer Exception (MSP-SEE) plans.

In 2025, we completed an analysis that confirmed MSP-SEE plans deliver the anticipated savings in contribution rates and subsequently took the following actions:

- *Emailed potentially eligible members age 65 and over, as well as employers and group administrators, to raise awareness of MSP-SEE plan savings.*
- *Updated the MSP-SEE eLearning module on cpg.org to provide additional guidance on MSP-SEE eligibility, rules, and coordination of benefits.*
- *Delivered two webinars to help administrators better understand their responsibilities with respect to these plans.*
- *Updated the MSP-SEE Fact Sheet on cpg.org to ensure that members and administrators have access to accurate, up-to-date information.*

Value of the DHP

- Meaningful choice — Compared with corporate plans and state-based exchanges, the DHP gives dioceses greater flexibility to choose among different options: platinum, gold, and silver plans plus two pharmacy plan designs.
- Comprehensive benefits — The DHP offers vision and hearing benefits, an Employee Assistance Program, travel medical assistance, care coordination, 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 competitive coverage at the lowest possible cost.

Annual cost increases at the lower end of national trends. For 2026, the Medical Trust required an average annual increase in contribution rates of 7.5%, compared with an estimated group benchmark increase of 8.5%.[1] This is especially noteworthy because DHP claim costs were 18% higher than those of the average US employer.[2] These higher costs were primarily due to these 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 switch to plans with higher out-of-pocket costs, 99% of DHP members are enrolled in rich plans (platinum and gold), which feature the lowest member out-of-pocket cost share.[4]
- Early shift away from the richest option — Although enrollment remains concentrated in rich plans, 12% of members moved out of the PPO 100 plan to less-rich options for 2026, indicating growing price sensitivity and openness to higher cost-sharing.
- Higher prescription costs:
  - In 2025, the Medical Trust experienced a 62% year-over-year increase in costs for GLP-1 medications used specifically for weight loss, compared with a 45% increase among peers.[5]
  - Pre-exposure prophylaxis (PrEP)—antiretroviral medications used by HIV-negative individuals to prevent HIV—was another significant cost driver. There was an increase in net costs for HIV indications of approximately 34% compared to 2024. This growth was largely driven by guidance from the Departments of Labor, Health and Human Services, and the Treasury requiring health plans to cover all recommended HIV PrEP medications (including Truvada, Descovy, and Apretude) at no cost to members.
  - Inflammatory conditions – Spending on inflammatory conditions also rose by roughly 32%, compared with about 12% for peers. These increases were partly offset by a decline in cancer drug spending of nearly 9%.

[1] *PricewaterhouseCoopers. (n.d.). Medical cost trend: Behind the numbers 2026. https://www.pwc.com/us/en/industries/health-industries/library/behind-the-numbers.html*
[2] *Alliant Insurance Services, Claims Cost Benchmarking. March 20, 2026.*
[3] *Ibid.*
[4] *Ibid.*
[5] *ESI 2025 Year-End Review on April 13, 2026.*

At the same time, actual claims experience—driven by members' utilization of healthcare services—was materially higher than budget, underscoring the underlying cost pressure within the plan. As a result, the Medical Trust incurred net losses of $19.4 million in 2025 and $10.7 million in 2024.

Between 2009 and 2026, average cost increases for the DHP have ranged from 4% to 8% per year versus 7% to 9%[6] per year for large US employers during the same period. For 2026, the DHP's average rate increase is 7.5%. By comparison, year-over-year actuarial estimates from PwC project an 8.5% increase in national healthcare costs for 2026,[7] with expectations that costs will trend even higher in 2027.

Lower administrative costs. Ninety-two 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 and internal operations. By removing such added costs as state premium taxes, commission fees, and risk/profit premium loads, the DHP allows the Church to provide coverage through the Medical Trust that is similar to that offered by large US corporations.

Cost containment through economies of scale. The DHP lowers overall cost of health coverage for participating groups by aggregating the purchasing power of Episcopal employers. For 2026, its bargaining position benefited from having more than 12,000 Active clergy and lay employees in its health plans. Analysis by an external consultant confirmed that, given plan value and such factors as member age, gender, family size, risk characteristics, and geographic location, the Medical Trust's claim costs are in line with benchmarks.[7]

Supporting benefit parity across domestic dioceses. Every year since 2014, all domestic dioceses have participated in the DHP and received support from the Medical Trust as they decide which plans to offer and try to achieve parity in benefits funding between clergy and lay employees.

Multiple cost-saving initiatives. To keep annual increases low without significantly raising out-of-pocket costs or limiting access to care for members whose plans use the Anthem and Cigna networks, over the past 16 years, the Medical Trust

- joined a prescription drug purchasing coalition with other denominations;
- became part of the SaveOnSP manufacturer copay assistance program;
- required certain specialty medications to be covered exclusively within the Express Scripts pharmacy benefit;
- made available the services of Hinge Health, a digital musculoskeletal wellness program;
- introduced a coinsurance-based prescription drug benefit plan option and a cost-sharing tier for specialty drugs;
- implemented and promoted the Medicare Secondary Payer Small Employer Exception Plan;
- adopted enhanced utilization management and use of evidence-based treatments to ensure optimal outcomes;
- implemented EncircleRx with Express Scripts to control GLP-1 drug costs and ensure appropriate utilization and adherence;
- expanded patient support for GLP-1s through EnReachRx, a program that offers dose optimization assistance, side-effect management, home delivery, and improved detection of fraud, waste, and abuse;
- provided free access to Teladoc, making convenient, cost-effective care available without impacting Health Savings Account eligibility; and
- implemented Quantum Health as our healthcare navigation provider.

[6] *Custom comparison includes charities, nonprofits, and companies in the higher education sector.*
[7] *PricewaterhouseCoopers, op. cit.*

HEALTHCARE AFFORDABILITY:

Managing What We Can, Navigating What We Can't

Containing healthcare costs remains a central priority of The Episcopal Church Medical Trust (Medical Trust) and a core objective of the Denominational Health Plan (DHP). While market-wide forces, such as rising pharmaceutical prices and increased chronic disease prevalence, continue to drive healthcare inflation nationally, the Medical Trust continues to focus on the areas it can directly influence to moderate costs and promote long-term sustainability.

Disciplined Cost Management

Over time, annual DHP contribution increases have remained on the lower end of national employer benchmarks, even though the plan serves an older population and offers richer-than-average benefits. This reflects careful plan design, active monitoring of trends, and consistent efforts to balance benefit quality with financial stewardship.

Pooling and Economies of Scale

By aggregating more than 12,000 clergy and lay employees across The Episcopal Church, the DHP leverages its collective purchasing power to manage administrative costs and negotiate competitive pricing. This pooled approach stabilizes rates across dioceses and supports equitable, churchwide access to comprehensive coverage.

Care Navigation and Utilization Management

The Medical Trust emphasizes early intervention, evidence-based treatment, and informed decision-making to help members access appropriate care at the right time. Resources, including healthcare navigation, virtual care, and utilization management, help reduce avoidable escalation to higher-cost services while supporting positive clinical outcomes.

Pharmacy Cost Controls

Prescription drugs, particularly specialty medications and GLP-1 therapies, are among the fastest-growing cost drivers in employer-sponsored plans. In response, the Medical Trust has implemented multiple strategies to manage these pressures, including purchasing coalitions, utilization controls, manufacturer assistance programs, and targeted pharmacy management initiatives.

Lower Administrative Overhead

Unlike fully insured commercial plans, the DHP minimizes non-care expenses by avoiding state premium taxes, broker commissions, and profit margins. As a result, the vast majority of contributions are directed toward healthcare services for members and their families.

Together, these actions reflect an ongoing commitment to compassionate care and responsible stewardship, helping ensure that high-quality healthcare coverage remains accessible and affordable for those who serve the Church, even amid continued cost pressures beyond our control.

Fund for Medical Assistance for Non-Domestic Dioceses

The Fund for Medical Assistance (FMA) was created in 2012 to help eligible clergy and lay employees and their eligible dependents in dioceses that cannot participate in the DHP defray the cost of medically necessary healthcare expenses not otherwise covered by public or private insurance.

In 2025, CPG's annual FMA commitment was $370,000, from which The Church Pension Fund granted $42,032 to cover healthcare expenses for eligible participants in non-domestic dioceses.

The Way Forward

Healthcare costs are driven largely by how care is used—from routine services to complex hospital treatments. At the same time, broader trends, such as rising drug prices and the increasing prevalence of chronic conditions, continue to put upward pressure on costs. These dynamics affect all populations we serve—active employees, clergy, and retirees—and are consistent across both the Denominational Health Plan and retiree medical programs.

Preliminary forecasts from our consulting firm indicate that employer health plans are expected to have higher cost increases in 2027, likely in double digits, driven by continued acceleration in healthcare costs.

To address rising costs, the Medical Trust is reviewing its plan offerings and identifying opportunities to adjust plan designs. The objective is to improve financial sustainability, better align plans with member needs, and remain competitive with benchmarks for similar organizations. This work includes refining actuarial values across plan options to preserve meaningful choice, manage costs, and ensure that members are enrolled in plans that best meet their needs.

As part of this effort, and in keeping with Resolution 2024-A102, the Medical Trust began offering webinars focused on Consumer-Driven Health Plans in May 2025 and will continue its educational initiatives.

Fiduciary governance and oversight structures have also evolved to support effective stewardship of the health plans. In 2026, the Health Benefit Plans Committee of CPG (the Committee) was established to provide fiduciary oversight and make certain decisions regarding CPG-sponsored health plans. The Committee is responsible for monitoring service providers, including evaluating their performance and fee structures as they relate to the health plans.

Healthcare Navigator

In 2025, the Medical Trust introduced the services of Quantum Health for members enrolled in plans using Anthem and Cigna networks, generating strong engagement and positive feedback with respect to personalized support, care coordination, and referrals to specialized programs.

The first year also highlighted operational challenges, particularly with out-of-network claims processing, largely stemming from incorrectly programmed plan features by our vendor. Some members also reported inconsistent experiences early in the transition, underscoring the need for clearer processes and stronger alignment with claim-processing partners.

In response, the Medical Trust and Quantum implemented corrective actions in 2025, including (1) a comprehensive claims audit to ensure accurate plan administration and reimbursements, (2) ongoing development of a web-based solution for out-of-network claims submission, and

(3) ongoing efforts to enable direct deposit payments for out-of-network reimbursements to members in order to speed up payments. These enhancements, coupled with continued collaboration among CPG, Quantum, and vendor partners, are expected to boost the program's reliability and consistency going forward.

Behavioral Health Support

Consistent with nationwide trends, mental health challenges continue to increase within our population. Therefore, the Medical Trust is exploring enhanced Employee Assistance Program offerings and next-generation mental health solutions to better integrate behavioral health with medical plans and expand access to digital psychiatry, therapy, coaching, and care navigation.

Quantum Health also helps members connect with the behavioral resources that match their needs, enabling timely and coordinated care. These efforts reflect the Medical Trust's ongoing commitment to supporting the emotional well-being of all members.

Impact of GLP-1s

GLP-1 medications, particularly those prescribed for weight loss, have emerged as one of the most significant drivers of pharmacy cost growth across employer-sponsored health plans. For the Medical Trust, weight-loss medications represented approximately 8.5% of total net pharmacy spend in 2025 and accounted for a disproportionate share of the year-over-year increase. Overall pharmacy costs rose nearly 24% compared with 2024, while net plan costs per member for weight-loss medications increased by 62%.

The EncircleRx program, which applies stricter utilization management and authorization requirements for GLP-1s, helped moderate cost growth. The weight-loss medication trend declined significantly, from 148% in 2024 to 62% in 2025, and EncircleRx is estimated to have generated $3.2 million in savings in 2025. Collectively, these utilization and waste controls are delivering measurable savings and meaningful clinical outcomes, positioning the plan ahead of broader market practices.

The Medical Trust is continuing to evaluate the long-term sustainability of covering GLP-1 medications for weight loss, amid rising utilization, rapid market expansion, and significant projected cost increases. As part of this assessment, we are examining the potential impact of excluding GLP-1s for weight loss from our plans while expanding access to a broader range of weight-management resources—including support programs—to ensure that members have access to clinically appropriate options beyond medication alone.

In Summary

The DHP offers broad access to comprehensive benefits with equitable pricing. To ensure its sustainability, the Medical Trust is managing costs, refining plan design, and reassessing GLP-1 coverage. To enhance the member experience, we are strengthening healthcare coordination and expanding behavioral health support.

Guided by a commitment to parity, stewardship, and high-quality care, we will continue to adapt to market trends and member needs while delivering consistent, competitive, and compassionate healthcare coverage in the years ahead.

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