

Report of the Insurance Committee to the 228th Annual Diocesan Convention

During the seven meetings of the Insurance Committee during 2011, much discussion was given to the annual adoption of the health, dental, and life insurance plans offered to the Diocese through the Church Medical Trust.

The Committee voted unanimously to accept the “no change in rates” renewal for the plan offered by Delta Dental in 2012. Additionally, premium rates for our group life insurance plan will also remain unchanged at least through October 1, 2012. The premium rate renewals for the six (6) active medical plans offered through the Church Medical Trust (CMT) (Aetna HMO, CIGNA Open Access In-Network, CIGNA Open Access, Empire Blue Cross Blue Shield HDHP, United Health Care Choice, and United Health Care Choice Plus) will average about 6.2% for 2012. The Medical Trust made changes in co-payments and out-of-pocket minimums for some of these plans to achieve a consistent level for all plans offered. The Committee also voted to maintain the standard prescription drug (RX) benefit for 2012 (85% of the Dioceses with medical plans through the CMT have the standard RX benefit). The committee further approved maintaining the Medicare Supplement Premium Plan (the richest Medicare supplement plan available through the CMT) for our age 65 and older retirees and their spouses.

An action taken by the Committee that did have an impact on the funding requirements of the active medical plans was a change from a two-tier rate structure (single and family) to a four-tier rate structure (single, two adults, parent with child or children, and family). The current two-tier structure is a carryover from the old New Jersey Carpenters Fund Plan, which ended in 2005. Prior to that time the Diocese had a New Jersey Blue Cross/Blue Shield plan with a four-tier structure. Reasons for making this change included (1) to achieve consistency with the practices of other Dioceses throughout the country as 118 of 137 participating Dioceses utilize a more than two-tier rate structure, (2) to facilitate early retirement for priests under age 65 through the lower cost of a two adult rate class and (3) to offer a premium reduction opportunity in situations where a priest with full family coverage has a working spouse with access to employer paid coverage through his/her job.

By far the major portion of our work this year surrounded our recommendation to Convention regarding the implementation of the Denominational Health Plan, which is scheduled to take effect on January 1, 2013. A survey was sent last year to all parishes and missions inquiring of them what type and extent of coverage they currently paid and will pay in the future for lay and clergy health plans. The current and future health plans of other dioceses were also examined, with special attention paid as to how they planned to implement the DHP. In the end, we voted to recommend to our Convention the continuation of our current Diocesan policy of requiring parishes to fund 100% of the premium cost of both employee and dependent coverage for clergy for all medical plans offered by the CMT and to extend that same policy to all lay employees who work thirty or more hours per week. It was noted that, based on the aforementioned survey, only about seven parishes will likely be affected by this decision to extend the 100% funding requirement to lay employees, and some of those seven parishes are already doing this.

Further discussion on the premium payment policy resulted in the following clarifications: 1.) the plan selected by the priest of the parish will determine the base plan (for which 100% of the premium cost for employee and dependent coverage must be paid by the parish). If a lay employee elects to participate in a health plan that has a higher monthly premium than that of the base plan, the parish may, but is not obligated to, require the lay employee to pay the additional premium cost for the plan that he/she selects; 2.) if the priest elects not to participate in a church offered health care plan, due to having coverage through an approved source, as defined by the DHP, the base plan for that parish becomes the lowest priced traditional (non high deductible) plan available; and 3.) if the priest elects to participate in a high deductible health plan and the parish makes a contribution to a health savings account for that priest, the parish must make a contribution on an equivalent

basis to a health savings account for the lay employee.

The committee wishes to thank Phyllis Jones for her invaluable contributions and work on behalf of the committee, and also to our plan administrator Bill Bloor of Smith Benefit Services for his efforts throughout the year. Committee members, all of whom were faithful in attendance, included David Mulcahy, Cynthia Miller, Frank Jago, Jeffrey Kirk, Alan Salmon, William Feus, and Lee Powers, Diocesan Canon to the Ordinary.

Respectfully submitted.

The Rev. Philip W. Stowell, Chair

DHP Resolution

Be it resolved that the 228th Convention of the Diocese of New Jersey, to comply with resolutions A138 and A177 of the 76th General Convention of The Episcopal Church, implement the Denominational Health Plan administered by the Episcopal Church Medical Trust.

Be it further resolved that the minimum employer contribution toward the premium cost of health care coverage for full-time clergy (and dependents) and lay employees (and dependents) who work for a member congregation of the Diocese of New Jersey be 100% of the premium cost for the traditional plan that is selected by the rector, vicar or priest in charge of the member congregation to cover him/herself and his/her dependent(s);

And be it further resolved that if lay employee(s) or assistant clergy elect to participate in a health plan that has a higher monthly premium cost than that of the plan selected by the rector, vicar or priest in charge, the member congregation may require that the lay employee(s) and assistant clergy pay the additional premium cost for the plan that he/she elects;

And be it further resolved that if the rector, vicar or priest in charge of the member congregation elects not to participate in a church offered health care plan, due to having health care coverage through another approved source, 100% of the lay employee(s) and assistant clergy and dependent(s) premium cost be paid by the member congregation for the lowest priced traditional plan available;

And be it further resolved that if the rector, vicar or priest in charge of a member congregation elects to participate in a high-deductible health plan option, 100% of the contribution made by the member congregation to a health savings account in conjunction with the priest's participation in a high-deductible health plan option, shall be paid to a health savings account for the member congregation's lay employee(s) or assistant clergy who also elect to participate in a high-deductible health plan option.

Clarifying Statement

The Denominational Health Plan is scheduled to become effective January 1, 2013. Full time is defined as 1,500 compensated hours per year or approximately 30 hours per week. A traditional plan is one that is not a high-deductible plan. The clergy of one institutional chapel (at The Evergreens Retirement Community) and one diocesan church-related institution, namely The Wm. Alexander Proctor Foundation (Princeton and Rutgers chaplaincies), are covered by this resolution.

Rate Structure Resolution

Be it resolved that the 228th Convention of the Diocese of New Jersey ratify the Insurance Committee's decision to adopt a four-rate structure for the health plans offered through the Church Medical Trust for calendar year 2012, and further, to adopt the four-rate structure for calendar years 2013 and after, as recommended by the Insurance Committee, with rate classifications as follows:

1. Single
2. Two Adults
3. Parent/Child(ren)
4. Family

Statement

The Insurance Committee has recommended this structure for the following reasons:

1. The current two-rate structure is a carryover from the Old Carpenters Fund, which we abandoned in 2005. Prior to that time the Diocese was with Blue Cross/Blue Shield of New Jersey under a four-rate structure.
2. The current two-rate structure makes it more difficult for priests to consider early retirement due to the higher cost of health care coverage for two-person coverage.
3. Under a four-rate structure, 99 units will see their monthly premiums either decrease or remain the same as last year, and only 42 units will see an increase. Under a two-rate structure, all 141 units would see an increase.
4. Of the 137 dioceses currently with the Medical Trust, only 19 (14%) have a two-rate structure, while 64 (47%) have a three-rate structure, and 54 (39%) have a four-rate structure.
5. Due to the methodology used by the Medical Trust to develop rate differentials between contract classes and the actual enrollment of the Diocesan plan, the three-rate structure would increase the cost of coverage by \$119,676 in 2012, while the four-rate structure would increase the cost of coverage by only \$77,580 in 2012 when compared to the cost of coverage under a two-rate structure.
6. The committee did not feel that parishes seeking new rectors would be less inclined to hire clergy with families because of the higher cost of health care for family coverage when compared to health care for single clergy, husband/wife, or parent/children coverage. The qualities of the candidate being hired would be the determining factors, not the cost of benefits.