


Episcopal Church Medical Trust

The Denominational Health Plan, High Deductible Health Plan, and Health Savings Account


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Resolutions: A138 and A177

Passed by 76th General Convention, July 2009



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General Convention Resolution A138
Lay employee pension system (LPS) helps ensure that lay employees will enjoy a more secure retirement.

General Convention Resolution A177
Denominational health plan (DHP) helps institutions save on healthcare costs while providing parity in coverage for clergy and lay employees.

The Church Pension Fund is proud and honored to have been named administrator of these important benefits


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The Church Pension Group has been serving the Episcopal Church for almost 100 years.

Affiliates

- Church Pension Fund
- Church Publishing
- Church Life Insurance Corp
- Episcopal Church Medical Trust
- Church Insurance Agency Corp



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Who We Are? The Medical Trust

Our Health, Our Members, Our Church

- Self funded, tax favored, not-for-profit, church plan
- Chartered by General Convention in 1978
- Reports to the Church Pension Fund Trustees
- Voluntary Employees' Beneficiary Assn (VEBA)
- ERISA-exempt, free of many state benefit mandates
- Serving ONLY the Episcopal Church
- Our plans are crafted to meet the needs of the Church and its institutions


Assets & Liabilities Belong to Our Members

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The Episcopal Church Medical Trust

Our Mission...

“Balancing compassionate Christian benefits with financial stewardship”




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We Serve the Episcopal Church by Offering...

- We are:
 - Plan sponsor, plan administrator (with our vendors) and claim fiduciary
- We provide:
 - A cost-effective array of plan designs to meet employee and employer needs
 - 22 Active Plans
 - 5 world class national vendors
 - Pre & Post 65 retiree medical health management
 - Benefit education
 - Patient advocacy and problem resolution
 - Client Engagement call center for members
 - Administrative support for participating groups
- Many value added benefits to support Episcopal employees

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Resolution A177 - Why it's Important to the Church

- To secure future health benefits for eligible Episcopal Church employees
- To stabilize the rising costs of health benefits through large scale purchasing and decreasing healthcare administrative costs
- To improve wellness and health engagement
- To provide parity for clergy & lay working and compensated for 1,500 hours or more annually



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Resolution A177: What It Says About the DHP

Title I, Canon 8 of the *Constitutions and Canons* was amended to establish the Denominational Health Plan in accordance with the principles adopted in Resolution A177.



All domestic dioceses, parishes, missions, and other ecclesiastical organizations or bodies subject to the authority of the Church are required to participate, with implementation complete by January 1, 2013.

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Resolution A177: What It Says About the DHP

- Employers will be required to offer, and pay for, a health plan to employees scheduled to work and compensated for 1,500+ hours/year.
- Each diocese will set a minimum cost-sharing policy that must apply equally to eligible clergy and lay employees.
- Each diocese determines if schools and other institutions must participate, or if they will participate on a voluntary basis.



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Resolution A177: What It Says About the DHP

- Employers may not opt out of the DHP.
- Employees may opt out of the DHP if they have a health plan through other approved sources (e.g. spousal coverage, Tricare).
- Employees who work and are compensated for more than 1,000 hours per year but less than 1,500 hours per year may voluntarily participate.

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Resolution A177: What Is Parity (Uniformity)?

- Parity is described as:
 - Equality between clergy and lay employees in:
 - Access
 - Benefits/Plan Offerings
 - Cost Sharing
- A congregation can do better than the diocesan minimum, but must do so equally between clergy and lay employees.

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Resolution A177: What Was the Spirit in which the Resolution was Passed?

- Speaks to social justice issues around adequate benefits for the Church's lay employees
- Cost concerns are real, but so is the need of lay employees to have adequate healthcare benefits
- The support and dedication of lay employees make many ministries possible...it's the right thing to do
- General Convention actions will now assure lay employees the safety net of healthcare benefits
- Currently, some lay employees do not have access to healthcare benefits, and others have a higher cost-share than clergy

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Resolution A177: Diocesan Decisions

- **Determine** whether diocesan institutions, schools and agencies will be required to participate
- **Establish** cost-sharing guidelines for congregations, who may either implement diocesan minimum cost-sharing percentage or choose to do more
- **Decide** whether to offer healthcare coverage for domestic partners
- **Select** plan design(s) annually

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Resolution A177 & Healthcare Reform

How will Healthcare Reform affect the Denominational Health Plan?

- Federal agencies still releasing guidance on compliance, deadlines and process.
- The Medical Trust has team of experts reviewing information as it is released.
- Advocacy partnership in the form of the Church Benefits Alliance.
- All required plan changes for 2012 have been implemented.



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Resolution A177: Status - Participation

We currently serve over 30,000 members

- 13 new dioceses & 18 new institutions joined 2009 – 2011
 - 3,685 new households
- January 2011
 - 4 additional dioceses
- January 2012
 - 3 additional dioceses
 - Los Angeles, Pennsylvania, Quincy
- Now serving 94 dioceses and 45 institutions
- Approximately 13,000 active households and 7,000 retiree households

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Domestic Dioceses – Realized Benefits of the DHP

- Cumulative cost containment of \$36.5M (8%) from 2009 to 2012
 - Deeper medical and prescription drug discounts
 - Lower vendor administrative fees
 - Reducing/removing insured profit and risk margins
 - Absorbing unexpected large claims with MT reserves
- Rate increases below national averages of 8% to 12%
 - DHP 2009 through 2012 average increases ranged from 5.5% through 5.8%
 - Includes costs for healthcare reform compliance
- 89¢ of every \$1 to member benefits
- "Well to Serve" initiative for the Church

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Tools and Resources



- Resource Centers on www.cpg.org
 - Denominational Health Plan Resource Center www.cpg.org/dhp
 - Lay Pension Resource Center www.cpg.org/laypensions
- eLearning on-demand tutorials
- Webinars
 - LPS – scheduled
 - DHP – on demand
- Institutional and Employee Rosters
- An evolving "one stop shopping"



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Episcopal Church Medical Trust

**Diocese of Fort Worth
Cigna HDHP/HSA**

Aetna Choice POS II, Aetna HMO, Cigna HDHP

Plan Provision	Choice POS	HMO	HDHP
Annual deductible (single / family)	\$250 / \$500	\$0 / \$0	\$2,700 / \$5450
Annual OOP max (single / family)	\$1,500 / \$3,000	\$0 / \$0	\$1,500 / \$3,000
Office visit copay	\$0 Preventive \$25	\$0 Preventive \$20	\$0 Preventive 20%
Urgent care coinsurance	\$50	\$50	\$20
Member coinsurance	10%	0%	20%
Inpatient hospital coinsurance	\$100/day to \$600 max, then 10%	\$150/day to \$600 max	20%
Outpatient hospital copay	10%	\$250	20%
Emergency room care	\$100	\$100	20%

Aetna Choice POS II, Aetna HMO, Cigna HDHP Rates

Plan	Single	Plus Spouse	Plus Child(ren)	Family
Aetna Choice POS II	\$759 / \$9,108	\$1,517 / \$18,204	\$1,364 / \$16,368	\$2,276 / \$27,312
Aetna HMO	\$684 / \$8,208	\$1,369 / \$16,428	\$1,231 / \$14,772	\$2,053 / \$24,636
Cigna HDHP/HSA	\$514 / \$6,168	\$1,027 / \$12,324	\$924 / \$11,088	\$1,541 / \$18,492

Note: The Diocese had no rate increase for 2012!

Annual Savings with Cigna HDHP/HSA

Plan	Single	Plus Spouse	Plus Child(ren)	Family
Compared to Aetna Choice POS II	\$2,940	\$5,880	\$5,280	\$8,820
Compared to Aetna HMO	\$2,040	\$4,104	\$3,684	\$6,144

Employer Contributions to Employees' Health Savings Accounts – 75% of HDHP Deductible

Employer	Single	Plus Spouse	Plus Child(ren)	Family
Annual Rate Savings on Aetna Choice POS II Plan	\$2,940	\$5,880	\$5,280	\$8,820
Employer Contribution to HSA	\$2,160	\$4,360	\$4,360	\$4,360
Net Annual Savings to Employer	\$780	\$1,520	\$920	\$4,460

Employee	Single	Family
Annual Deductible on Cigna HDHP Plan	\$2,700	\$5,450
Employer Contribution to HSA	\$2,160	\$4,360
Net Deductible to Employee	\$540	\$1,090
Annual Deductible on Aetna Choice POS II Plan	\$250	\$500

Employer Contributions to Employees' Health Savings Accounts – 75% of HDHP Deductible

Employer	Single	Plus Spouse	Plus Child(ren)	Family
Annual Rate Savings on Aetna HMO Plan	\$2,040	\$4,104	\$3,684	\$6,144
Employer Contribution to HSA	\$2,160	\$4,360	\$4,360	\$4,360
Net Annual Savings to Employer	-\$120	-\$256	-\$676	\$1,784

Employee	Single	Family
Annual Deductible on Cigna HDHP Plan	\$2,700	\$5,450
Employer Contribution to HSA	\$2,160	\$4,360
Net Deductible to Employee	\$540	\$1,090
Annual Deductible on Aetna HMO Plan	\$0	\$0

Health Savings Account - HSA

- HSA is a tax-advantaged account
- Employee sets up the account and owns it
- Balances accumulate and roll over year after year
- Account must be held by a qualified trustee
 - Cigna / JP Morgan Chase Bank
- IRS sets annual limits on contributions
 - \$3,100 single / \$6,250 family
- Anyone can make a contribution
- Distributions for qualified healthcare expenses (as defined by the IRS)

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Health Savings Accounts - Contributions

- Employers and employees (or others) may contribute to an employee's HSA on an annual basis
- Limits on annual contributions for 2012:
 - Individual Coverage \$3,100
 - Family Coverage \$6,250
 - **Employee is responsible for ensuring the maximum is not exceeded.**
- Additional contributions for those (account holder only) who will attain age 55 (or older) by the end of the year (\$1000 for 2012).
- Deadline for HSA contributions is April 15th of the following year

Health Savings Accounts - Contributions

- *Employee* contributions can be made on a pretax basis
 - Through salary reduction by election prior to the beginning of the year, with a written cafeteria plan document, and/or
 - As an adjustment to income on the employee's annual tax return
- *Employer* contributions are not taxable income to the employee
- **Employees that are enrolled in Medicare cannot have contributions to the HSA as of the date of enrollment.**

Health Savings Accounts – Distributions

- Distributions from an HSA for qualifying medical expenses are tax-free
- Qualifying medical expenses are unreimbursed costs incurred by the employee or dependent for medical care, including:
 - HDHP deductibles and coinsurance
 - Post-employment healthcare costs (Medicare Part B premiums, etc.)
 - Long-term care premiums

Health Savings Accounts – Distributions

- Other distributions from an HSA are subject to federal income tax and an additional 20% penalty (penalty is waived if the distribution is made after age 65 or on account of death or disability)
- Distributions do not have to be made in any year and can be rolled over from year to year
- Account earnings are not subject to taxation, if eventually used for qualifying medical expenses
- Distributions can be made for the qualifying medical expenses of dependents (but not domestic partners)
- Distributions can be made even after the employee is no longer eligible to contribute to an HSA

How are distributions made?

- Employee can use the HSA debit card at the provider's office or pharmacy
- Employee can write a check to the provider or pharmacy on the HSA account
- Employee can pay provider or pharmacy out of the employee's funds and reimburse him or herself from the HSA
- **Caution:**
 - **Employee must keep records to prove the distributions from the HSA were used for qualifying medical expenses**
 - Employee is responsible for any overdraft fees on the HSA

Health Savings Accounts – Death

- If the employee’s spouse is the beneficiary of the HSA, the HSA will be treated as an HSA of the spouse after the employee’s death
 - No taxable event for Federal income tax purposes.
- If there is a non-spouse beneficiary, the account ceases to be an HSA and the value of the account is taxed to the beneficiary
 - If the employee’s estate is the beneficiary, the HSA balance is included in the employee’s final Federal income tax return.

Health Savings Accounts – Paperwork

- Employee must keep track of all contributions and distributions
 - Review bank statements!
- Employee must file Form 8889 with Form 1040
 - Trustee bank will send Form 5498-SA showing contributions
 - Trustee bank will send Form 1099-SA showing distributions
 - Employer will include contributions on W2, box 12, using the W code

Medco Pharmacy Plan Designs

	Standard Plan		HDHP/HSA
	Retail	Mail Order	Retail & Mail Order
Annual Prescription Deductible (Retail Only)	\$50 per person	none	\$2,700 per person \$5,450 per family (combined with medical deductible)
Copays Tier 1: Generic	Up to \$10	Up to \$25	You pay 15% after deductible
Copays Tier 2: Formulary	Up to \$35	Up to \$90	You pay 25% after deductible
Copays Tier 3: Non-formulary	Up to \$60	Up to \$150	You pay 50% after deductible
Dispensing Limits per Copayment	Up to a 30-day supply	Up to a 90-day supply	Up to a 30-day supply (retail) or 90-day supply (mail order)

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The Episcopal Church Medical Trust – *Serving You*

- **We are here to support you with:**
 - Problem Resolution
 - Education and Awareness
 - Patient Advocacy

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Our Client Engagement Team is Available
Monday through Friday
8:30 am to 8:00 pm ET
7:30 am to 7:00 pm CT
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Thank you!

Any questions?



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