

Understanding Our Options

An Explanation of Proposed Health Plans from the Great Plains Pension and Health Benefits Team

Context

In the fall of 2014, the Great Plains Annual Conference learned that maintaining its health insurance plan would require congregations to pay a premium increase of 19.5% and the deductibles for clergy would have to double. Considering these rapidly rising costs and the new potential offered by the health insurance exchanges established under the Affordable Care Act (ACA or “Obamacare”), the members of the conference voted to end group health insurance. Instead, the conference moved to a system in which churches provide health care allowances to their pastors, and each pastor then uses that allowance to purchase insurance policies of his or her choice on the exchange, through a spouse’s coverage or with an insurance company.

A great deal has happened since that decision: Clergy have worked to obtain their own health care, exchanges have grown and then contracted, the United States has conducted two national congressional elections and one presidential election, and health care has continued to be a major source of political controversy and personal concern.

As the conference Pension and Health Benefits Team has assessed the current state of health coverage for clergy, the word that best describes our present situation is “uncertainty.” Consider for a moment: We do not know if the ACA will be repealed, or when. We do not know what might replace the ACA, if it is repealed. We do not know if the health plan markets established under the ACA will continue to function, or how well. We do not know if purchasing individual health plans outside of exchanges will still be affordable in 2018.

Amid this uncertainty, however, a survey of clergy receiving the current health subsidies indicates differing opinions about the conference’s current approach to health benefits. A survey of eligible clergy conducted earlier this year received 231 responses, or about a 40% response rate. From the survey, we learned:

- **Respondents obtained insurance in diverse ways:**
 - 28% through a spouse’s employer-provided health plan.
 - 28% through Healthcare.gov.
 - 26% through a provider, broker, or a private marketplace.
 - 13% through Medicare or the VA
 - 5% through other sources
- **Most respondents were satisfied with their current insurance, but not all.**
 - 21% Very Satisfied
 - 39% Satisfied
 - 21% Neither
 - 13% Dissatisfied
 - 6% Very Dissatisfied
- **Respondents’ level of satisfaction appeared highly correlated with the type of plan they obtained:**
 - 94% of respondents using Medicare or VA insurance were satisfied or highly satisfied.
 - 79% of respondents on a spouse’s employer-provided insurance were satisfied or highly satisfied.
 - 36% of respondents using Healthcare.gov or a private exchange or insurance provider were satisfied or highly satisfied.
- **13% of respondents found the process of finding insurance difficult, 27% found it moderately difficult, and 60% found it easy.**

Based upon the diversity of responses and opinions received from clergy, and the ever-changing political and economic landscape that is health care today, the conference Pension and Health Benefits Team saw no clear or obvious path to recommend as the Great Plains health policy for 2018 and beyond. After weighing the options and considering the potential risks and benefits of various policy options, the team determined that the most sensible path forward was to offer the annual conference a choice of two options:

- **Continue the Current System** – Maintaining the current system of a church-provided health care allowance, with a moderate increase, or
- **Establish a New Group Health Plan** – Moving into a new group health plan that offers features and protections for participants.

Both options have significant benefits and risks, with clear advantages for some, and clear disadvantages for others. The team's hope with this document is not to endorse one proposal over another, but to provide you with information you can use as a member of the annual conference to make an informed decision.

The Proposals

During the afternoon plenary session on Thursday, June 9, members of the annual conference will be presented with two proposals and asked to choose, via written ballot, their preferred option. The option getting the most votes will then be brought as a formal motion during the afternoon session on Friday, June 10.

Option 1: Continue the Current System

Maintain the current system of health care allowances. All clergy appointed to a church or a charge within the annual conference will continue to be individually responsible for procuring their own health insurance.

Clergy appointed to the conference staff or to churches or other organizations that, because of size, are required by the Affordable Care Act to provide health insurance will be provided with insurance through their employers. All other clergy appointed to churches in pastoral appointments at three-quarters or full time will be entitled to an allowance of \$15,850 in 2018, paid by their local church/charge. This constitutes a 5.7% increase over the allowance for 2017.

Option 2: Establish a New Group Health Plan

All clergy serving in appointments for three-quarters to full time will be eligible to participate in one of two group health plans offered by Blue Cross/Blue Shield of Kansas: a traditional Preferred Provider Organization (PPO) plan, and a High Deductible Health Plan (HDHP) with a health savings account.

Each pastoral charge, regardless of the age, family/marital status or health of their pastor(s) will pay \$15,850 per eligible participant.

Clergy will also contribute a portion of their salary to contribute to the cost of premiums. The costs of premiums to clergy will be based upon the plan selected and the number of persons covered under the plan as shown below:

Family Type	PPO (% of Salary)	HDHP (% of Salary)
Clergy Only	4%	3%
Clergy + Spouse/1 Dependent	5.5%	4.5%
Clergy + Spouse & Dependents	7%	6%

Should the conference move to a group plan, no portion of the premium paid by the church, nor that paid by clergy person, shall be taxable. In the case of clergy couples where more than one person is enrolled, the higher of the eligible salaries shall be used in calculating the clergy share of the premium.

The team selected the plan from Blue Cross/Blue Shield of Kansas after a review of four plans offered by major carriers through our insurance broker, Lockton, as well as a proposal from Wespeth and its HealthFlex Exchange. Based upon looking at factors including availability of health care providers, cost to churches and participating clergy, as well as the level of deductibles and out-of-pocket maximums for participants, the team chose the proposal brought by Lockton from Blue Cross/Blue Shield of Kansas.

Find "Appendix A" via a link comparing the Blue Cross/Blue Shield plans at www.greatplainsumc.org/annualconference. The link is under the headline "Key Subjects for Discussion."

Comparing the Options

To assist member of the annual conference in weighing the options, we offer the following table so you can consider the advantages and disadvantages of both proposals. Cells of the chart have been color-coded to more clearly identify those areas the team believes constitute advantages or disadvantages for a given proposal.

Green = Advantages **White = Neutral** **Red = Disadvantages**

This section of the report will continue to be updated as we gather additional questions and information.

Issue	Continue Current Allowance	Establish New Health Plan
Volatility of current health care market and access to adequate insurance choices	Clergy and their families would be responsible for finding their own health insurance. Persons having difficulty finding plans on healthcare.org would need to consider other providers, where government subsidies may not be available.	All clergy and families would be provided a plan with a set premium based upon the number of persons covered and the type of coverage selected.
Ability to use spouse's employer-provided insurance	Clergy would be able to continue to use their \$15,850/year subsidy to buy into a spouse's employer-provided plan.	Clergy would be able to opt-out of the conference plan and use a spouse's insurance, HOWEVER the participant would be entirely responsible for paying the premium. No conference subsidy would be provided.

	Taxability of benefits	With recent regulatory changes, a portion of the healthcare allowances may now be tax sheltered. Individuals may shelter up to \$5,130 in 2017 from income taxes. Families may shelter up to \$10,260 in 2017 from income taxes. These amounts will be subject to change on an annual basis.	The entire amount contributed by local churches and clergy is sheltered from taxes.
	Issue	Continue Current Allowance	Establish New Health Plan
	Availability of health care providers in area of residence	The accessibility to providers is entirely dependent upon the individual plan selected.	Availability of providers with the BCBS of KS plan is as follows: Primary Care Physician Urban - 2 in 10 miles 100% Suburban - 2 in 15 miles . 100% Rural - 2 in 20 miles 97% Specialist Urban - 2 in 10 miles 100% Suburban - 2 in 15 miles . 100% Rural - 2 in 20 miles 94% Hospital Urban - 2 in 10 miles 100% Suburban - 2 in 15 miles . 100% Rural - 2 in 20 miles 95%
	Availability of health care providers elsewhere	The accessibility to providers is entirely dependent upon the individual plan selected. In some cases, this has led to difficulty for clergy who have moved mid-year or gotten sick or injured while travelling.	The BCBS plan is a national plan. Participating clergy will be able to find in-network health care providers nation-wide.
	Cost variance due to location of residence	Costs will likely continue to vary, depending upon the city and state where the clergyperson resides.	Costs will not vary, regardless of where the clergyperson resides.
	Cost to local churches with a pastor serving three-quarters to full time.	\$15,850, regardless of plan selected by eligible clergy.	\$15,850, regardless of plan selected by eligible clergy.

	Cost to local churches with a pastor serving less than three-quarters time.	\$0	\$0
	Cost to individual clergy	The cost to individual clergy is dependent upon the selected plan. For some clergy, the allowance is more than sufficient to cover the cost of a plan as well as the increased tax liability, for others, costs significantly exceed the allowance.	The cost is dependent upon the plan selected and the number of persons covered. Some clergy could experience significant increases, others would see significant decreases.
	Coverage of pre-existing conditions	Currently, health insurers cannot charge more or deny coverage of a pre-existing health condition. Under the American Health Care Act (AHCA) recently passed by the U.S. House of Representatives, people with pre-existing conditions may not be barred from obtaining insurance coverage. However, coverage options could be seriously affected. States would be permitted to apply for waivers to exempt insurance companies from a community rating provision and allow them to charge far higher premiums for people with pre-existing conditions.	The costs of insurance to specific churches and clergy will not change due to pre-existing conditions of the individual clergy.
	Impact of clergy couples	Eligible clergy couples in would receive two allowances in 2018 totaling \$31,700, in most cases significantly more than the cost of health insurance for the family.	Eligible clergy couples would be billed a percentage of the salary of the higher-paid spouse. The percentage would be based upon the plan selected and number of persons covered, a reduction from the current benefit.

	Impact on clergy in appointments of 50 employees or more	Clergy in these appointments would continue to receive benefits from their church employer as before.	Clergy would move to the new clergy health plan, and be subject to the same premium costs as all other clergy. The impact to individuals would vary depending upon their current level of benefits.
	Potential future costs of plan to clergy	Future costs largely dependent upon changes to the location of residency as well as health care economics and policy.	Future costs largely dependent upon health care economics and policy, however a change in location of residency would have no impact on individual clergy premiums.
	Issue	Continue Current Allowance	Establish New Health Plan
	Potential future costs of plan to local churches	Costs are set by the annual conference. While the subsidy may or may not be adequate for clergy to obtain benefits, the cost to local churches is entirely dependent upon the will of the annual conference.	Future costs dependent upon health care economics and policy, as well as the cost of health claims in each year. Just as was the case in previous years, the conference may need to make a change in carriers, benefits or policy to adjust to increasing costs to churches and clergy.

Voting Process at Annual Conference (revised)

We will take three days over the conference session to select the health plan at annual conference. During the afternoon plenary session on Thursday, June 9, the Pension and Benefits team will briefly introduce the two proposals, and offer members of the annual conference an opportunity to ask written questions that must be submitted by noon, June 10. On Friday, June 10, those written questions will be answered and members of the annual conference will then have opportunity to discuss both option during the plenary. Following this discussion, the annual conference will take a straw poll by written ballot where each voting member will be asked to select one of the two options:

- I vote to **maintain the current health care allowance** for eligible clergy in 2018.
- I vote to **establish a new group health plan** for eligible clergy in 2018.

Based upon the results of this straw poll, the Team of Pension and Health Benefits will then bring to the morning session on Saturday, June 11, a formal motion to accept the option that receives the most votes. That motion may then be debated and amended as with any other motion before the conference. If approved, this will then become our conference's health care policy for 2018.

Frequently Asked Questions

Health care policy is a complicated issue that deeply impacts everyone, and making these decisions can seem daunting. The team's hope is that the information in this document has helped you in determining the best course of action for the Great Plains. Below is a list of frequently asked questions, which we will continue to expand as new questions and answers emerge.

Should you have a question not included on this list, please contact us at questions@greatplainsumc.org.

- 1) If we voted to move away from group health in 2014, why are we considering moving back to it now?**
The team and staff heard concerns about the increases in premiums and the frustrations of finding coverage that was adequate to meet the needs of clergy and families. The team listened to those concerns and made the decision to once again look at group health insurance.
- 2) We moved off group health in 2014 because of skyrocketing costs. What's changed since then?** There are several significant differences between where we are as a conference now and where we were in 2014.
 - In 2014, the conference included clergy on medical leave in the group health plan, which significantly increased our cost of claims. These clergy are now provided a stipend and will not be included in the new group health plan. Once a person is on medical leave for 24 months they qualify to go on Medicare.
 - Due to retirements, the average age of clergy has declined slightly.
 - The share of costs covered by clergy in the new plan is significantly greater than was required under the previous conference policy.
 - The richness of benefits has somewhat decreased from the health plans in 2014.
- 3) What's to prevent skyrocketing costs in premiums in the future?** There is never an ironclad guarantee that costs will not rise again, however we have reason to believe that the combination of factors outline in Question #2 above put us in a significantly more sustainable and stable position for providing adequate and affordable health insurance than in 2014.
- 4) If costs do increase, will we just go back to an allowance?** Not necessarily. Considering the rapidly changing state of health care policy in the United States, it is difficult to anticipate what our challenges or opportunities will look like in another year. We believe the plan as proposed is the best group health plan option for the Great Plains in 2018, however there are other options we may consider in the future that could further protect us from price increases at the expense of reduced coverage.
- 5) What other options did the team consider before selecting Blue Cross Blue Shield of Kansas?** The Team considered four plans presented by our insurance broker, Lockton, as well as a private health exchange offered by Wespeth/HealthFlex (formerly the General Board of Pension and Health Benefits of The United Methodist Church). All plans were thoroughly examined by the team and staff.

- 6) Why did the team choose this health insurance plan over the others?** The team believes that this plan offers the best combination of affordability and access to providers. It also uniquely offered the lowest out-of-pocket maximums, which was of great concern to the team. Other alternatives would have offered out-of-pocket maximums nearly double the proposed plan, which could pose a significant financial burden for clergy families.
- 7) Will this health plan offer adequate choices throughout both states?** Yes. This is a national Blue Cross/Blue Shield Plan that offers ample access to providers across both states, as well as nationwide.
- 8) The current allowance works well for me and my family. Why would we consider a change?** Our survey data and feedback from some participants is that the current plan is working very well for many families. This is, in part, why we are including the status quo as one of our two proposals. However, we have also heard from a considerable number of clergy for whom the current policy is increasingly untenable. We know that no matter what decision is made, there will be some individuals who gain and some who will lose. The team believes members of the conference should weigh the options and consider their personal needs within the broader needs of all Great Plains clergy.
- 9) Why did the proposed allowance increase for 2018?** The \$15,850 was arrived by calculating what was needed to fund the group employer health plan and the fact that the numbers we received last year on the average rate in each district couldn't be compared to what we received for 2017. Since the team believed that some increase was needed in the health insurance allowance and that the amount was kept at the same level for three years (2014-2016), the \$15,850 was an appropriate amount should the decision result in remaining with the status quo.
- 10) If we do move back to group health insurance, will the conference offer support to help my family enroll?** No matter what decision is made by the annual conference, your benefits staff will work with you to continue to offer education and support.
- 11) In past years there has been a fund available to assist pastors and families in financial need because of health care crises. Is that fund still available? If so, can that be used to offset clergy health expenses in the current plan who have exorbitant premiums?** The Pension and Health Benefits Team does have available funds and an established process for clergy who need help paying premiums. We have so far not received any completed applications for that aid. While this system of support can work when there are a few specific instances of acute challenges, it becomes a much more difficult strategy to maintain if we have widespread problems with clergy obtaining adequate coverage at affordable prices. The funds set aside for support are not sufficient to cover the sort of challenges we anticipate clergy would face should the markets totally collapse.
- 12) If the group policy doesn't pass at the annual conference and there are no options for individual health insurance plans in Nebraska, what is the annual conference suggesting clergy in Nebraska do to obtain health insurance?** The Pension and Health Benefits Team made its decision prior to Aetna's announcement that it would be pulling out of Nebraska and the House of Representatives passing the AHCA. Should the annual conference vote to continue with the current system of grants, our plan as staff would be to work with our broker to help clergy find coverage. The consequence of using the broker is that plans found outside the government exchanges are not eligible for tax credits. That again would negatively affect affordability.

- 13) How does this choice impact health care coverage for retirees?** The plans as proposed will not affect current retirees, who will still fall under the provisions related to clergy who served in Kansas or Nebraska per our current conference policy.
- 14) How will moving to a group plan affect active clergy receiving Medicare or a VA health plan or retirees serving local churches at three-quarters or full time?** The clergy member will be able to waive conference coverage and continue with his or her current coverage. However, the local church will be required to pay the church share of \$15,850 for all three-quarter and full-time appointments.
- 15) As I read the documents, it looks like a move to a group health plan will result in a pay cut for clergy. In my case, a premium would cost 6 percent to 7 percent of my salary at a time when it looks like we will receive only a 2 percent pay increase, and that is not guaranteed. Is this true?** Moving to a group plan would mean that for those receiving a 2% raise in salary, this would (in the case of a 6% or 7% premium) mean a net 4% or 6% reduction in salary. However, the tax situation would also change. The entire 6% or 7%, plus the premium paid by the local church would all be excluded from taxable income, which would soften the impact of that premium somewhat, though not entirely. Accurate across the board estimates that reflect the impact for every family are not feasible, but for families who are able to afford their insurance with the current grant, this change would lead to a reduction in net take-home pay.
- 16) How do we keep this discussion at annual conference about these proposals from becoming a political debate about health care in general?** Health insurance is one of a number of very contentious issues facing our nation. As Christians and as United Methodists, we have a long and proud tradition of prophetically addressing important societal issues of the day. Nevertheless, we do hope that we can keep our discussion of these options limited to the policy questions at hand. Should the conference choose to address the larger societal issues of healthcare, that is more appropriately done through resolutions or referrals to the appropriate conference teams for further action.
- 17) If we move to the group plan, will we have health coverage if we leave our primary area of residence?** Yes. As part of the Blue Cross and Blue Shield network, you will have full access to their national network of providers, meaning you will have access to care within network throughout the US. Outside the United States, you will also have access to the Blue Cross Blue Shield Global Core program. More information on these benefits is available in Appendix A.
- 18) Will the plan be available for lay staff of local churches, or could it be purchased on an individual basis?** No. This plan will only be available to eligible clergy within the Great Plains Annual Conference and their families, as well as lay staff of the conference. This is one of the factors that helps us contain costs to clergy and churches.