

PETITION TO THE 2014 ROCKY MOUNTAIN ANNUAL CONFERENCE

TITLE: Health Insurance Programs and Funding

ACTION TO BE VOTED ON:

Section I – Health Insurance Provider, Plan Sponsor, Plan Availability and Plan Eligibility

As Plan Sponsor, the Conference will provide and/or make health insurance programs available consistent with the 2012 Book of Discipline of The United Methodist Church, Paragraph 639.6 (Retiree Health Care Access) and Paragraph 639.7 (Group Health Care Plans). For 2015, this program will be provided through the HealthFlex health insurance plan for active clergy and lay staff. For retired clergy and their spouses, and retired lay staff, the program will be provided through OneExchange.

Plan availability, eligibility and participation for active clergy and lay staff are subject to the terms and conditions of the applicable documents for the coverage period, and are available from the Conference Treasurer and Benefits Officer or the General Board of Pension and Health Benefits. Coverage and plan participation information for retired clergy, spouses and lay staff is available from the individual plans selected by each participant.

Eligibility will be established by the General Board of Pension and Health Benefits and the Conference Board of Pension and Health Benefits for active clergy and lay staff. Eligibility for retired clergy and spouses, and for active and retired lay staff, will be established by the Conference Board of Pension and Health Benefits.

A. ACTIVE CLERGY

1. HealthFlex shall be available for all clergy serving full-time in a Rocky Mountain Conference local church or in the Conference office or any other unit of the Conference which provides pension contributions to the Clergy Retirement Security Program (CRSP), with the exception of clergy described in I.A.3.
2. HealthFlex shall be available for active clergy serving full-time who are Medicare-eligible but do not qualify under the Multiple Small Employer Exception (serving a church with 20 or more employees).
3. OneExchange shall be available for active clergy serving full-time who are Medicare-eligible and qualify under the Multiple Small Employer Exception (serving a church with 19 or less employees).

B. RETIRED CLERGY

OneExchange shall be available for all retired clergy and spouses meeting the qualification guidelines established by the Conference.

Clergy must be Medicare-eligible and have been in the active plan for five consecutive years in the

40 Rocky Mountain Conference or Yellowstone Conference immediately prior to their retirement to
41 be eligible to participate in the OneExchange plan sponsored by the Rocky Mountain Conference.
42 An exception shall be made for clergy who retire prior to the age of Medicare-eligibility and elect
43 to have qualified group plan coverage or coverage through a private plan outside of the
44 Conference. Other exceptions may be requested for consideration and approval by the Conference
45 Board of Pension and Health Benefits. Retirees who have been granted exceptions and who are not
46 enrolled in HealthFlex when they attain the age of Medicare-eligibility shall be offered a one-time
47 opt-in privilege 30 days prior to attaining the age of Medicare-eligibility. If this opt-in privilege is
48 not exercised at least 30 days prior to attaining the age of Medicare-eligibility by contacting the
49 Conference Benefits office, the retiree is not eligible to participate in the OneExchange plan.

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51 Clergy who have opted out of Social Security will need to purchase both Medicare Parts A and B
52 to be eligible to participate in the OneExchange plan.

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54 **C. CLERGY ON MEDICAL LEAVE**

55 HealthFlex shall be available for clergy on Medical Leave and receiving disability benefits from
56 the General Board of Pension and Health Benefits, until such time as the clergy becomes
57 Medicare-eligible. When these clergy become Medicare-eligible, the OneExchange plan shall be
58 available for them.

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60 **D. LAY EMPLOYEES**

61 HealthFlex shall be available for all eligible full-time lay employees of the Rocky Mountain
62 Conference meeting the qualification guidelines established by the Conference. OneExchange
63 shall be available for all eligible retired lay staff. Lay employees must have been in the HealthFlex
64 plan for five consecutive years immediately prior to their retirement to be eligible to participate in
65 the OneExchange plan.

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67 **Section II - Plan Participation, Coverage, Costs and Conditions**

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69 **A. ACTIVE PARTICIPANTS**

70 Every charge in the Conference shall be direct-billed monthly for the insurance cost for single
71 coverage for every elder, deacon in full connection, local pastor, associate member, or provisional
72 member appointed full-time serving that charge and eligible for HealthFlex, regardless of
73 participation. The cost includes vision and dental coverage.

74
75 Less than full-time clergy are not eligible to enroll in the HealthFlex plan; however the local
76 church may choose to provide other coverage for its $\frac{3}{4}$ time and $\frac{1}{2}$ time appointed clergy. For $\frac{3}{4}$
77 time and $\frac{1}{2}$ time appointments the local church, working with its respective District
78 Superintendent, may contribute up to \$4,000 annually to provide health insurance coverage
79 outside of HealthFlex. Costs for this coverage will be borne totally by the local church and/or
80 appointed pastor. This is in addition to the minimum salary, housing, pension and allowable
81 professional reimbursable amounts for pastors serving less than full-time. As of January 1, 2014
82 per the Affordable Care Act, funding provided by employers to assist employees in purchasing
83 individual health insurance is considered taxable compensation.

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85 Each charge shall be direct-billed monthly for the insurance cost of its lay staff participants. The
86 Conference shall pay the portion of the insurance cost for single coverage under HealthFlex for lay
87 staff as specified by Personnel Policies for lay staff.

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89 If active participants wish to buy-up to a more expensive dental plan, the additional monthly costs
90 shall be direct-billed to their charge to be paid either by the participant or the charge. There is no
91 financial impact on the Conference for incremental dental buy-up costs.

92

93 Participants who qualify under the Multiple Small Employer Exception (serving a church with 19
94 or less employees) will participate in OneExchange. It is recommended that the employing church
95 reimburse the clergy for medical, dental, Medicare and pharmacy premiums as applicable.

96

97 The spouse's eligibility is determined by the retired participant's eligibility. However, a
98 non-HealthFlex participant spouse of a retired eligible participant may take advantage of the
99 OneExchange program but will not receive a stipend payment to a Health Reimbursement
100 Account.

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102 B. CLERGY ON MEDICAL LEAVE

103 Health insurance for clergy on Medical Leave and receiving disability benefits from the General
104 Board of Pension and Health Benefits shall be provided through HealthFlex and paid 100% by the
105 Conference. Spousal and dependent coverage shall be made available but not subsidized in any
106 manner by the Conference. Clergy on disability or Medical Leave will be required to participate in
107 the OneExchange program upon Medicare eligibility, and will receive an HRA as specified in
108 Section II.C. Retired clergy on disability who are not Medicare eligible due to Social Security
109 opt-out will be required to move off of the HealthFlex plan effective January 1, 2014, in
110 anticipation of Exchanges being available through the national health care program.

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112 C. RETIRED PARTICIPANTS

113 Each eligible retired participant and eligible spouse shall work with a Licensed Benefit Advisor at
114 OneExchange to identify the appropriate coverage and cost-effective plan most suitable to the
115 individual needs and requirements of the participant. Each eligible participant shall be provided a
116 monthly stipend established as a fixed dollar amount which shall be deposited in a personal Health
117 Reimbursement Account (HRA) to be used by the participant to pay for health insurance
118 premiums and other qualifying medical expenses. Any HRA money unused in one calendar year
119 will be rolled over for use in subsequent years—consistent with then-existing tax laws.

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121 The stipend amount will be reviewed at least every two years. The review will take into account
122 the two categories of HRA contribution levels.

123 a) Retired eligible participants with 20 or more years of Pre-82 service

124 b) Retired eligible participants with less than 20 years of Pre-82 service

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126 Retirees, spouses and surviving spouses eligible to receive pensions but not yet eligible for
127 Medicare who choose to remain in HealthFlex shall receive a subsidy from the Conference up to

128 20% of the applicable active rate. These retirees may also choose to enroll in another qualified
129 group plan or in a private plan, but this coverage will not be subsidized by the Conference. If they
130 choose to enroll in a private plan, it may have a negative impact on their ability to obtain coverage
131 for pre-existing conditions when they move to the OneExchange plan.
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133 The Conference shall not provide a health insurance stipend for retired lay employees from a local
134 church. Eligible retired employees of the Conference office shall be eligible for a stipend as
135 specified in Section II.C.
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137 **Section III - Plan Administration and Mandatory Payments**

138 A. The Conference benefits staff, working with HealthFlex, will process active participant
139 enrollments, collect premiums, reconcile funds and help coordinate plan activities. Retired
140 participants will work directly with OneExchange advisors on an annual and as needed
141 basis.

142 B. The monthly payment of the health premiums specified in Section II. A. is mandatory for
143 all full-time clergy appointed to serve a local church in the Rocky Mountain Conference. If
144 a church is delinquent in health premium payments, the Conference Treasurer's office will
145 initiate action and notify the respective District Superintendent and Bishop of the
146 delinquency. The Conference Cabinet will be kept apprised of all communication
147 regarding the delinquency. The affected charge will continue to be direct-billed for the
148 monthly premiums throughout this entire period.

149 C. The 2015 active insurance rates will be established by the Conference Board of Pension
150 and Health Benefits after premium rate information is received from HealthFlex.
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152 **EFFECTIVE DATE:** January 1, 2015

153 **TERMINATION DATE:** December 31, 2015

ORIGINATOR OF THE PETITION

Name: Conference Board of Pension and Health Benefits

PERSON TO PRESENT PETITION TO CONFERENCE:

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FINANCIAL IMPACT:

Will there be any financial impact to the Conference? YES
If YES, fill in appropriate information below.

Cost:

1. \$450,000 is in the Conference 2015 Proposed Budget to subsidize healthcare for retirees and clergy on medical leave.
2. \$270,500 is in the Conference 2015 Proposed Budget for healthcare for Conference staff (clergy and lay).
3. Healthcare costs direct-billed to local churches are identified and included in the 2015 Health Fund Budget.

Time Period: Jan. 1, 2015 – Dec. 31, 2015

Funds provided by Annual Conference/Agency:

The total amount for the Retiree Health Subsidy and for Conference staff healthcare in the proposed 2015 budget is \$80,037 less than the amount in the 2014 budget. If additional funds are needed to subsidize retiree healthcare in 2015, we will use funds we have invested with the General Board of Pension and Health Benefits to supplement the amount in the budget.

Funds provided by external agency: None

(To be completed by Conference Council on Finance and Administration)

Reviewed by Council on Finance and Administration: April 24, 2014

Included in the Proposed 2015 Budget: Yes

In the amount of: \$450,000 for Retiree Health Subsidy and \$270,520 for eligible active Conference staff (clergy and lay)

Recommendation by Council concerning funding: Approved

RATIONALE: (may attach additional pages, numbered)

This petition specifies how the Rocky Mountain Conference provides health insurance programs to active and retired clergy consistent with the Book of Discipline, and to Conference lay staff. It has been revised from the prior year to reflect changes in plan names, benefit availability and eligibility requirements. A statement has also been added that indicates as of January 1, 2014, funding provided by employers to assist employees (both clergy and lay) to purchase individual health insurance is considered taxable compensation, per the Affordable Care Act.