

New York Annual Conference 2017 Benefit Policies and Costs

ACTIVE CLERGY:

HealthFlex Insurance: The Conference provides our active clergy and their families with medical insurance coverage through Blue Cross Blue Shield of Illinois HealthFlex PPO (B1000) and provides prescription and behavioral health services through Optum. All active clergy who serve at least 75% are required to enroll in our medical insurance plans.

- The total uniform rate for HealthFlex for **active** clergy in 2017 will be \$16,104
- Churches will pay \$14,808 annually (\$1,234 per month).
- Clergy will pay \$1,296 annually (\$108 per month). This amount may be calculated as a payroll deduction under Section 125 “pre-tax” option.

The Conference also allows active clergy to voluntarily choose the HealthFlex HDHP 1500 (High Deductible Health Plan) in 2017, allowing clergy to establish a Health Savings Account (HSA). Although there is a higher annual plan deductible, the HDHP plan allows the pastor to maintain and contribute to a Health Savings Account, which will be owned by the pastor and can be used to offset medical costs in active and retired service. Both the Conference and Pastor may contribute to the HSA in future years. Pastors choosing to opt into the HDHP will pay only \$54.00 per month as their contribution to the Uniform Rate, in the hopes that they will contribute additional personal funds to their HSA.

Clergy Pension & Disability Benefits: Each conference had the option to include all or some of their clergy in the **CRSP** plan beginning January 1, 2014. Our conference elected to include appointed clergy serving 100% and 75%. CRSP will only be billed to churches with clergy who serve 75 – 100% (same as HealthFlex).

The total billing for clergy serving 75% - 100% for CRSP pension benefits will be based on an annual rate of 11.8% of total compensation. Total compensation is defined as salary plus either a) 25% of salary for clergy who are provided a parsonage or b) the actual amount of the housing allowance.

Part-Time clergy (those serving less than 75%) are not eligible to participate in CRSP. This does not affect their previous CRSP accrued benefits. The church is still required to budget for clergy pension, at a rate of 11.8% of total compensation for clergy serving less than 75%, which is to be deposited in the clergy’s **UMPIP** account. Clergy who choose to enroll and contribute a minimum 1% contribution to UMPIP will be eligible for a 1% church match to their UMPIP account. If the pastor does not voluntarily contribute 1% to UMPIP, then the church will only be responsible for a 10.8% contribution.

Every church must become a plan sponsor and complete a UMPIP Plan Sponsor Adoption Agreement. Each church will be billed by the General Board for the clergy contribution to UMPIP, the church contribution and the church match. The conference will not be involved in the billing or collection of UMPIP funds. A "Before/After Tax Clergy Contribution" agreement must be completed by the pastor and submitted to their Treasurer for processing with the General Board of Pension and Health Benefits. A copy remains on file at the local church. Contributions must be sent via church check on a monthly basis.

Comprehensive Protection Plan: Clergy who serve at 100% are automatically enrolled in **CPP**, which provides long term disability insurance and death benefits. Churches will be billed 3% of the total compensation for CPP.

RETIRED CLERGY:

Past Service Rate: The 2017 past service rate for the Pre-1982 pension recipients is set at \$592.00.

Retiree Medical Coverage: Retired clergy, their spouses and surviving spouses are offered individual Medicare Supplement Insurance plans and a Prescription Drug plans through OneExchange. OneExchange works with each retiree, individually, to enroll them in the plans that best suit their needs.

Retirees enrolled in plans through OneExchange will receive a NYAC sponsored Health Reimbursement Account (HRA) established on their behalf. This fixed amount for 2017 will be \$2,755 per participant. Clergy retiring in 2016 will receive the HRA amounts based upon their service years.

Health Reimbursement Accounts (HRA) are tax-free accounts established and funded by employers and plan sponsors. The funds in their HRA can be used to reimburse retirees and their eligible spouse for eligible healthcare expenses, including insurance premiums and non-reimbursable out of pocket expenses.

Effective July, 2016 the Conference has established a tiered system providing for a HRA reduction based on a percentage payment of past benefits. Clergy serving less than 5 years in fulltime work and having been in HealthFlex for those five years, are entitled to enroll with and use the services of "OneExchange" without an HRA benefit. Clergy who have served in the following categories and they and their churches have paid their HealthFlex and pension invoices in full they will be entitled to the following:

Less than 5 full years of service:	clergy will not receive an HRA
5 through less than 10 years:	25% of the HRA per participant (clergy and spouse) per year
10 through less than 15 years:	50% of the HRA
15 through less than 20 years:	75% of the HRA
20+ full years of service:	100% of the HRA

*(*Since HRA amounts are subject to change in future years, the HRA dollar amount is not listed above. The clergy and spouse would be eligible for a percentage of the HRA in effect at the time of their retirement.)*

OneExchange is not available to retired clergy and their family members who are less than 65 years of age, or any future eligible participants who retire before age 65. Until participants reach age 65, they will continue to participate in the active HealthFlex Insurance plan at their own expense. If they choose to opt out of the HealthFlex insurance, they are waiving any future retiree Health Reimbursement Account funding.

ADMINISTRATIVE POLICIES FOR HEALTH BENEFIT PROGRAMS

The guidelines by which our health benefits program is administered are presented here for the sake of clarity and understanding by all:

- 1. Uniform Rate:** Since our health benefits plan covers all full-time and three-quarter time clergy, our connectional responsibility requires that every church served by a full-time or three-quarter time pastor pay the Uniform Rate. The Uniform Rate is NOT an insurance premium for the individual currently serving as the church's pastor. It is each full-time or three-quarter time church's equal share of the total Annual Conference premium that provides health benefits for active clergy, conference staff and their families throughout our diverse conference.

The Uniform Rate is determined by the total annual cost for active pastors in full-time or three-quarter time appointment and conference staff, divided by the number of clergy under full-time and three-quarter appointment and conference staff.

- 2. Clergy Couple Under Appointment:** Clergy couples, in which both ordained spouses serve under appointment in separate fulltime churches, are treated by the Conference as separate enrolled members in HealthFlex. Each church, per section 1 above, is responsible for paying its portion of the Uniform Rate. The clergy couple however is responsible for and will be invoiced only one clergy portion of the Uniform Rate. Note: Each partner is given his or her own health benefits card. If there are dependent children, the couple must determine on which policy to cover dependent children.
- 4. Churches Served by Retired Clergy:** Churches served by retired clergy are not charged for health benefits. Such clergy do not participate in the active health plan but instead may be eligible for the services of OneExchange and a Health Reimbursement Account (HRA.)
- 5. Retired Clergy:** Retired clergy, age 65 or above, must be enrolled with the Social Security Administration for coverage under Medicare, Part A and Part B, and therefore will be eligible for the services of OneExchange and the HRA funding.
- 6. Surviving Spouse of Clergy:** The covered surviving spouse of a clergy member enrolled in HealthFlex may continue in the plan at his or her expense. A surviving spouse who is not yet 65 will pay the full premium cost for a single individual and any applicable dependents. A surviving spouse 65 or over whose primary coverage is Medicare will be eligible for the services of OneExchange and the Health Reimbursement Account funding.
- 7. Retiree Eligibility:** A retired participant eligible for the services of OneExchange and the Health Reimbursement Account is defined as a former active participant in the New York Annual Conference Health Benefit Plan with at least five years of continuous coverage at the time of retirement, and whose primary coverage at retirement is through Medicare Part A and Part B. In January 2016 current retirees and their spouses will each receive an HRA contribution of \$2,755. Health Reimbursement Accounts (HRA) are tax-free accounts established and funded by employers and plan sponsors. The funds in your HRA can be used to reimburse yourself and your eligible spouse for eligible healthcare expenses, including your insurance premiums and non-reimbursable out of pocket expenses.
- 8. Clergy Who Retire Before the Age of 65:** Clergy who retire before the age of 65 must continue, at their expense, their coverage in HealthFlex until their 65th birthday. If such early-retired clergy choose not to continue in the conference HealthFlex program they may not re-enter conference coverage and they will be ineligible for participation in the OneExchange program and will not receive any future HRA funding. Future eligibility requires at least five years of continuous coverage in the conference active HealthFlex plan before age 65.
- 8. Retired Clergy with Spouse Younger than Age 65:** A retired clergy member with a spouse younger than age 65 may have the spouse covered in the active HealthFlex plan at his or her

expense. Eligibility for participation in the OneExchange program and HRA funding when the spouse reaches age 65 requires at least five years of continuous coverage in the conference active plan before age 65.

- 9. Clergy with Past Due HealthFlex accounts:** At the time of retirement, retroactively five years, a pastor who served, was eligible and enrolled in the pension plan and HealthFlex, and the Pastor's share was not paid in full, the Conference Board of Pension and Health Benefits will reduce their HRA amount by the lesser of the amount owed or by 50%, until such time as the conference recoups these losses. The BOPHB will establish an appeal process for clergy who feel that the policy of a reduced HRA unfairly penalizes them. Their spouse's HRA will not be reduced but set at the amount to which they are entitled. This policy will begin with retirements at the 2015 Annual Conference.

10. Health Flex Termination Policy for Active Clergy
(Effective July 1, 2010, and amended July 1, 2016)

If the health insurance payment for a participant is not received within 60 days of the due date, notice will be sent by regular mail to the Finance Committee chairperson, Church Treasurer, Staff Parish Relations chairperson, District Superintendent and by certified mail with return receipt requested to the pastor, declaring that if past-due payments from the pastor or the church are not received within the next 30 days, steps will be initiated to cancel the participant's coverage.

It is understood that the church is responsible for payment toward the Uniform Rate as well as any Section 125 plan amounts that have been withheld from the pastor's salary due to a salary reduction agreement for that purpose.

After the notice has been sent on a 60-day default, and there is no response from the church or the pastor within the next 30 days in the form of payment in full or a repayment plan, the CFO, in consultation with the conference BOPHB chair will make a decision to terminate. A certified letter will be mailed, return receipt requested, warning that termination to take place in 15 days.

Insurance will not be terminated until at least 45 days have passed after the initial notice that payment was due.

Any Medical Reimbursement Account or family care account will be frozen until future payments are made. Once a pastor and her/his dependents, if any, are dropped from the plan, they can only re-enter during the open enrollment period in November for the following year.

By the time of open enrollment for the following year, past due balances must have been paid by the church or a payment schedule must be provided by the pastor and the local church with commitment for monthly payments for that new plan year.

The CFO and the conference board will work with churches and pastors who are in default of their payments to provide a payment plan to bring them current. If after a written agreement has been executed between the church and/or pastor and the CFO, and the agreed-upon payments become thirty days late, the termination of health insurance will occur immediately.