

REPORT OF THE BISHOP'S ADVISORY COMMITTEE ON HUMAN RESOURCES AND BENEFITS

Denominational Health Plan (DHP) How Shall This Be Implemented in the Diocese of Newark?

At General Convention in 2009, Canon I.8 was amended to mandate the provision of health insurance to all employees of the Episcopal Church who are scheduled to work at least 1500 hours a year. Furthermore, the canon mandates equivalent coverage for eligible clergy and lay employees within each employment setting (congregation, diocesan staff, etc.). Each diocese is to determine the minimum requirements for the provision of health insurance and what employment settings are to be included in the mandate. The canon is effective January 1, 2013.

The Bishop's Advisory Committee on HR and Benefits has been looking at this issue and discussing it with various groups around the Diocese for nearly three years. Members of the Committee have met with clergy at all 10 District Clergy Conversations (twice), with lay leaders at the two Vestry University events, with leaders of congregational schools and daycare centers, with the leadership of NECA (Newark Episcopal Clergy Association), with Wardens and Treasurers, and at workshops at the past two Diocesan Conventions. In addition, the Committee hosted four listening sessions around the diocese in March 2012. These were attended by over 130 congregational lay and clergy leaders. We hope you have all had the opportunity to consider the issues involved. The presentation used at the listening sessions is available at:

<http://www.dioceseofnewark.org/hr/dhp-implementation-diocese>

These listening sessions provided background information about the Denominational Health Plan, presented four alternatives for how DHP might be implemented in our diocese, and offered ample time for discussion of the pros and cons of each alternative. At the end of each session, a straw poll was taken of the four alternatives. These straw polls clearly indicated a preference among those who attended the sessions for Option Four: Local Need. It is this option that the Committee recommends to the Diocese for approval, as detailed in the following pages.

The revised canon – and the Committee's work over the past three years – makes clear that access to high-quality, affordable health care is important to our Church and to our Diocese. The Diocese of Newark has always been at the forefront of social justice issues and, despite the challenges and potential costs, we believe that the Diocese will be at the forefront of this social justice issue as well.

Three operational issues are also before us as we continue in this process:

1. Financial resources vary significantly among churches within our Diocese; we need to balance the needs of our staffs with the financial realities of our churches. Imposing a mandate that is financially unsustainable will not, in the long-term, achieve the intended good.
2. Clergy and lay who are currently working in our churches have financial realities as well; we do not want to dismantle benefit provisions already in place or unduly create a financial burden on them.
3. We believe that an element of cost-sharing should be built in to these new requirements as one aspect of the dictum, “we are all in this together.”

We ask that you begin your own discernment of these issues with the following:

“Almighty God, you have so linked our lives one with another that all we do affects, for good or ill, all other lives: So guide us in the work we do, that we may do it not for self alone, but for the common good; and, as we seek a proper return for our own labor, make us mindful of the rightful aspirations of other workers, and arouse our concern for those who are out of work; through Jesus Christ our Lord, who lives and reigns with you and the Holy Spirit, one God, for ever and ever. Amen” (BCP, Collect 25, p. 261)

1 **Resolved**, that the Special Convention of the Diocese of Newark held on
2 June 9, 2012, affirms that access to affordable health insurance is a justice
3 issue and mandates the implementation of the Denominational Health Plan,
4 as defined in Title I, Canon 8 of The Episcopal Church, in all congregations
5 within the Diocese and in the Diocesan Office, and as described below,

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7 • That congregations and the Diocesan Office (hereinafter referred
8 to as “*employers*”) shall provide access to health insurance,
9 selected from the offerings included in the Diocesan Health Plan
10 and administered by the Church Pension Fund’s Medical Trust, to
11 all eligible clergy and lay employees, and
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13 • That eligible lay employees are those scheduled to work 1,500 or
14 more hours annually and eligible clergy are those contracted to
15 work half-time or more, and
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17 • That employers are expected to contribute at least 90% of the
18 median cost of the level of insurance coverage that is needed by
19 their eligible clergy and lay employees, and
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21 • That the level of insurance coverage needed by eligible clergy and
22 lay employees be determined annually by congregational leaders
23 (clergy-in-charge and wardens) following an explicit process to be
24 completed prior to the open enrollment period that solicits open
25 and honest input from each eligible clergy and lay employee, and
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27 • That employers shall not reduce coverage levels for existing
28 eligible clergy and lay employees, except that, in the spirit of cost-
29 sharing, employers may limit their contribution to 90% of the
30 median cost of the level of insurance coverage chosen, with
31 employees contributing the cost differential, such cost-sharing to
32 be phased in over a minimum of two years,

- 1 • That employers are required to make the same offering (coverage
2 and contribution levels) to all eligible clergy and lay employees,
3 under the parity provision of the national canon, and
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- 5 • That employers with existing health insurance provisions that are
6 not in parity must achieve parity within five years under a plan filed
7 with and approved by the Office of the Bishop. This five-year
8 period notwithstanding, any employers entering into an
9 employment agreement with a new eligible clergy or lay employee
10 must meet the parity standard at the beginning of that agreement,
11 and
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- 13 • That eligible clergy and lay employees may elect not to participate
14 in the Diocesan Health Plan if alternate coverage is available and
15 approved by the Medical Trust, and
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- 17 • That schools, day care facilities, community development
18 corporations and other congregational and diocesan institutions
19 and organizations, regardless of the independence of their
20 incorporation or tax status, are encouraged to adopt the principles
21 articulated in this resolution, and
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- 23 • That all employers will report annually on the process used to
24 determine the level of insurance coverage needed by their eligible
25 clergy and lay employees, the percentage of health insurance
26 costs contributed by the employer, and any issues that arose in the
27 determination of the employer's health insurance benefits policy.
28 This report will be made to the Office of the Bishop and is to be
29 filed at the end of the open enrollment period and not later than
30 December 1 of each year, with reference to the insurance
31 coverage for the following calendar year.

Additional information and examples:

Q1. Full time priest and part-time administrator:

St. Swithin's has a full-time priest and a lay parish administrator. The administrator works 15 or 20 hours a week, depending on the needs of the parish. The rector is currently provided health insurance for herself and her husband (Employee plus Spouse coverage level). She has chosen to be enrolled in the Aetna Choice Plus POS plan, which costs \$1,527 per month, all of which is paid by the parish. The parish administrator is single and enrolled in the Diocesan Health Plan, but pays for the premium through payroll deduction. What must the congregation do in order to be in compliance with the requirements of the DHP and the diocesan resolutions?

A1. St. Swithin's is already in compliance and does not need to do anything. The parish administrator is not scheduled to work 1,500 hours annually and is not covered by the parity mandate. The congregation has a couple of items to consider:

- a. The rector could be asked to contribute up to 10% of the cost of the premiums for her coverage. Aetna POS is the median-priced plan, so 90% of its cost must be paid by the congregation. If the congregational leadership decides to begin a cost-sharing policy with the rector, that cost-sharing should be introduced over two or years, perhaps requiring 4% of the cost the first year (or approx. \$61/month at 2012 cost level), 7% of the cost the second year (\$107/month), and 10% of the cost in year three (\$153/month) – or another gradual introduction. The congregational leadership is reminded to take into consideration the compensation level of the Rector; if compensation is at the lower end of compensation levels in the diocese, it may make sense to forgo a cost-sharing model.
- b. If the administrative needs of the parish grow such that the administrator is re-scheduled to work 30 hours per week, the parish will be obligated to pay for health insurance for the administrator. The benefit provision for the administrator must be the same as for the priest; if the administrator is single, then the congregation contributes at least 90% of the cost of the median cost single coverage; if married, then the congregation contributes at least 90% of the median cost for Employee-plus-Spouse coverage. If cost-sharing has been implemented for the priest, then the same cost-sharing percentage must be implemented for the administrator.

Q2. Multiple clergy, multiple lay employees:

St. Guinevere-by-the Lake has a full-time Rector, a full-time Associate Rector, two full-time lay employees and two half-time lay employees (20 hours per week each). One of the half-time lay employees also works half-

time for a nearby Episcopal Church, St. Samuel's. The two clergy currently are provided family coverage, fully paid by the congregation (as is the current pre-2013 Diocesan mandate), and all four of the lay employees have Single coverage paid by the congregation. One of the full-time lay employees "buys up" to Family coverage. What must St. G's do to be in compliance with the DHP mandate?

A2. St. G's has five eligible employees – the two clergy, the two full-time lay employees, and the part-time lay employee who also works for St. Samuel's. [Because the two positions at Episcopal churches employ the same individual for a total of at least 1,500 hours per year, that position qualifies as an eligible employee and parity at the higher benefit level is required.] All must be provided – and contributions must be made for – the same insurance offering; the current provisions appear to not be in parity as the clergy are offered Family coverage and the lay employees are offered Single coverage. In this case, the congregational leadership must develop a plan to bring all 5 positions into parity within five years. The first step would be to determine the needs of all eligible clergy and lay employees, then to develop a policy (e.g., the congregation will pay for 90% of the cost of the median-priced Family level of coverage) and then determine a plan to reach that policy within five years, file that plan with the Office of the Bishop, and then (if approved), implement the plan. The plan could be to increase the congregation's contribution toward health insurance by 20% each year until the policy level is reached, for instance.

Q3. Retired Interim Priest and Part-time Administrator:

St. Margaret's does not currently have a Rector or Priest-in-Charge, but is functioning with an Interim who is retired, working part-time, and receiving health insurance through Medicare. The parish has a parish administrator who is scheduled to work 5 hours a day, 5 days a week, but works 30 or more hours almost every week because there is always more work to do than the 5 hours a day allows and she loves her job and is happy to stay the extra time to be sure everything gets done. The congregation pays for Single coverage for the administrator and presumes that her husband is covered through his work. What must St. Margaret's do to comply with the DHP mandate?

A3. St. Margaret's is currently in compliance, but has some issues to address for the future.

- a. The congregational leadership needs to address the workload and/or schedule for the parish administrator. If the administrator is paid a fixed salary, then overtime pay is required for the hours exceeding 25/week (at straight-time up to 40 hours/week and at time-and-a-half whenever the hours exceed 40 hours in a week). If the administrator is paid an hourly scale, then she needs to be paid for however many

- hours she works, and at time-and-a-half for any week that works exceeds 40 hours.
- b. If the administrator's position truly requires 30 or more hours per week, then the position will qualify as an eligible employee for purposes of the DHP mandate.
 - c. The congregational leadership should meet with the administrator to discuss the health insurance needs of her family – does her husband indeed have coverage through an employer? Is it comparable coverage? If there are dependent children, how are they covered? It is expected that the congregation will offer and contribute toward the coverage that is needed by all eligible employees.
 - d. As the calling process develops for a new Rector, the benefits policy of the parish must be considered as part of the calling process. Congregations should not enter into the process of issuing a call without the financial means to provide health insurance to the clergyperson as his/her family's needs require. It is not in anyone's best interests for a congregation to issue a call to a cleric and later determine that Family coverage is needed, but the congregation had only budgeted for health insurance at the Single coverage level. Such a process will not result in a "happy marriage" between cleric and congregation.
 - e. One additional thought: in circumstances where the compensation levels of eligible employees differ substantially, as is usually the case between clergy and lay employees (though not always), one approach might be to require a lower percentage contribution from the lower-paid employee(s) than the higher-paid one(s). For instance, the cleric could be asked to contribute 10% of the cost for health insurance and the lay employee might be asked to contribute 5%. This would not violate the standard of parity.
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Bishop's Advisory Committee on Human Resources and Benefits:

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