

TO: WNCC Clergy & Congregations  
FROM: R. Mark King, Conference Treasurer  
RE: Health Benefit Rates **2018**

The Conference Board of Pension and Health Benefits upon recommendation from the Health Benefits Subcommittee of the Board has approved the 2018 rate schedule for our Conference Active and Retiree Health Plans.

The board takes very seriously the call to care for those who have answered the call vocationally to the ministry of the church. We are in a covenant to care for them which includes offering attractive and beneficial coverage possible within the most affordable financial constraints we can.

The Western North Carolina Conference manages a self-funded health and dental plan. This has been our practice for a number of years even as alternatives have been and continue to be researched. We are the insurance company. Third party administrators, Healthgram and PharmAvail, assist in managing our plans. Our constituency is the conference clergy under appointment and retired as well as lay staff employees in the conference and district offices. Dependent coverage for the active plans is also a part of the mix. We pay claims as they are incurred, according to the coverage in the plans. We are seeing signs of improving healthiness among our pool and improved cost containment through the Wellness initiative and other venues.

In preparing for the 2018 rates, we studied the claim history for the past twelve months, the current stop-loss scenarios, the trending for health care costs in our state (trending between 8 and 15%), costs of certain pharmaceuticals that could be eliminated or directed to alternatives and/or generic brands and other factors. Interesting enough, we discovered that those on the Active Basic Plan Plus are submitting claims and drawing benefits at higher payouts than the Active Basic Plan. Therefore, the Health Benefits Committee recommended and the Conference Board of Pensions approved an incremental rate increase between the plans.

#### **ACTIVE AND RETIREE RATES FOR 2018**

The Conference Board of Pension and Health Benefits, on recommendation of the Health Benefits Committee, has approved the following rates for 2018 for our active and retiree plans. You will note an increase in the active health rates of 8% for the Active Basic Plan and 10% for the Active Basic Plus Plan for clergy/employee coverage as well as dependent coverage. In 2017 we had no increase in dependent options but costs require us to adjust the dependent rates for 2018. Once again, we are pleased to announce that the Retiree Plan will see NO increase for 2018.

In determining these health rates, the following factors were considered by the Committee and the Board:

- The national trend in healthcare continues to experience increases even with the Affordable Care Act. According to bcbsnc.com, the rates for 2018 ACA plans will increase 14.1%.
- The Board and conference staff continue to monitor the Affordable Health Care Act for our applicable charges and fees. Our fees for 2016 totaled \$27,439.
- Over the initial seven months of 2017, we are experiencing greater expenses over revenue, which is not atypical, but we must plan accordingly for both actual and trending projections. We have experienced several claims approaching or exceeding our stop-loss of \$450,000 aggregate.

- We are thrilled that more individuals and families are participating in the Wellness Program. Yet, that also has a cost factor of which we must absorb.
- We are again making some changes in the pharmaceutical component of our plan of which PharmAvail will be communicating directly with those impacted.

The following rate table has been approved as the billed rates for 2018.

<b>Contributor</b>	<b>Monthly</b>	<b>Annual</b>
<b>Church:</b>		
Basic Plan	\$ 1,032	\$ 12,383
Basic Plus Plan*	\$ 1,032	\$ 12,383
<b>Clergy</b>		
Additional cost of Basic Plus*	\$ 259	\$ 3,108
For spouse (Basic Plan)	\$ 727	\$ 8,724
For spouse (Basic Plus Plan)	\$ 792	\$ 9,504
For child(ren) (Basic Plan)	\$ 377	\$ 4,524
For child(ren) (Basic Plus Plan)	\$ 385	\$ 4,620
For family (Basic Plan)	\$ 1,052	\$ 12,624
For family (Basic Plus Plan)	\$ 1,173	\$ 14,076
<b>Retirees</b>		
Without Medicare (< 65)**	\$ 1032 / \$ 1,291	\$ 12,383 / \$ 15,492
Medicare prior to 1/1/2003	\$ 97	\$ 1,164
Retiree > 65 after 1/1/2003		
With less than 10 yrs of service	\$ 162	\$ 1,944
With 11 to 49 yrs of service	\$ 160 - \$ 99 ***	\$ 1,920 - \$ 1,188 ***

\*Clergy who opt for Basic Plus pay the difference between two Active Plans (\$3,108).

\*\*Basic Plan / Basic Plus Plan

\*\*\* This range is on a sliding scale with years of service, from 99% to 61% of the premium.

For retirees, this premium is based on the number of years of service in Western North Carolina Conference. A retiree prior to 1/1/2003 is billed 60% of the total premium. This is based on the action of the 2002 Annual Conference, incorporating a sliding scale rate for health benefits in conjunction with the years of service.

Please also bear in mind that since 2010 as approved by the 2009 Annual Conference, the clergy do contribute a percentage of the health benefit rate to the plan, thereby reducing the cost of health benefits to the local church. With the addition of plan options in 2015, pastors also contribute the **differential** in cost (premium) if they choose the Basic Plus Plan. (Pastor's Contribution to Health Benefits document can be found on the Conference administrative website, benefits page.

**CLERGY COMPENSATION FORMS WILL BE AVAILABLE AT WNCADMIN.ORG**

**SEPTEMBER 1 2017**

## **FLEXIBLE SPENDING ACCOUNTS & HEALTH SAVINGS ACCOUNT**

As introduced in 2016, the Conference will again be sponsoring a **Flexible Spending Account Plan** for each of our clergy persons **eligible for and participating in either of our active health plans** in 2018.

In order to offer this benefit for the whole conference, we have received compliance directives from the general counsel at Healthgram, who administers our insurance and FSA plans, that in order to offer the Conference FSA Plan, it must be the **ONLY** FSA plan for those covered by our Health Benefits (both active plans) to participate. This is because the health insurance plans are a part of the WNC's Section 125 Cafeteria Plan and thus the only avenue to offer a valid FSA arrangement.

Our plan, as managed by Healthgram, fully complies with the Internal Revenue Code Section 125. Furthermore, the conference pays the fees for administrating this plan—something we **DO NOT** pass along to the churches and agencies. Finally, the plan goes along with the clergyperson regardless of appointment changes.

For lines 2b, 2c, 2d and 2e of the Clergy Compensation forms, only those who are participating in Conference benefit options (dependent health coverage, life insurance, medical and dependent flexible spending accounts) will be allowed to complete and submit the appropriate amounts on those lines. This is due to these items falling under the Conference's Section 125 Plan.

If you have any questions regarding the above or other benefits related items, please contact Dale Bryant, the Conference Benefits Administrator or myself as your Conference Treasurer either via phone or email. As with last year, look for an instructional video to be posted on the Conference Administrative Web-Site highlighting our benefit plans.

The Board is considering introducing an HSA plan but wants to carefully examine and strategize all the implications such a High Deductible Health Plan would have on our clergy. For instance, HDHP do not allow co-pays. We will be bringing more information on this proposal in early 2018.

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**SEPTEMBER 1 2017**