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## **Highlights and Frequently Asked Questions:**

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### **The Denominational Health Plan**

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## Introduction

Dear Friends,

The 76th General Convention was a significant moment in the history of The Episcopal Church and the Church Pension Group (CPG).

The passage of Resolution A138, which established the Church-wide Lay Employee Pension System, will help lay employees save for retirement. Resolution A177, which established the Denominational Health Plan, will result in health benefit cost savings for dioceses, parishes, and institutions.

As the administrator of these programs, CPG becomes the benefits provider for nearly everyone who works for the Church. We are grateful to have been given this double vote of confidence, and excited about moving forward.

We understand pensions and healthcare benefits well because we've been in these businesses for years. And we understand the Church, because we've been serving you for years.

**1914** The Church Pension Fund was founded.

**1917** The Clergy Pension Plan (defined benefit) began paying benefits. Since inception, nearly \$3.4 billion in benefits have been paid to beneficiaries.

**1978** The Episcopal Church Medical Trust was formed to sponsor and administer health plans.

**1980** The Lay Employees' Defined Benefit Pension Plan was established.

**1991** The Lay Employees' Defined Contribution Plan was established.

We also understand how complicated all this can be. And we are here to support and assist you as we move forward together in service to the Church.

Our implementation plans for these two programs are designed to help make things simple. They are based on three overarching principles:



**UNDERSTAND**



**EVALUATE**



**ENROLL**

We'll help you understand what the resolutions mean for you, who is eligible, the products we offer to help you comply with the resolutions, and the process.

We'll help you evaluate plan options and costs, timing, and approach.

Ultimately, we'll help you **enroll** your institution and employees in the Denominational Health Plan and the lay employee pension system.

This booklet provides highlights of each of these benefits plans, as well as the answers to frequently asked questions. We hope you will find it a useful starting point.

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## Highlights of the Denominational Health Plan

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The Denominational Health Plan (DHP) was established by General Convention Resolution A177 of the 76th General Convention and its associated Canon in July, 2009. The DHP shall be designed and administered by the Trustees and officers of The Church Pension Fund, following best industry practices for comparable plans.

Effective no later than January 1, 2013, all domestic dioceses, congregations and other ecclesiastical organizations or bodies subject to the authority of the Church, as well as any diocesan institutions that the diocese has said must participate in the Denominational Health Plan, are required to provide eligible clergy and lay employees — those scheduled for at least 1,500 hours of compensated work per year — with healthcare benefits, as delineated by the diocese, through the Episcopal Church Medical Trust (the Medical Trust).

- Employees regularly scheduled between 1,000 and 1,400 hours of compensated work per year are eligible to participate voluntarily.
- Employees with coverage from an approved source may waive (“opt-out” of) coverage from their Episcopal employer.

Dioceses have autonomy and choice in certain key areas: choice of health plan options to offer its congregations and institutions; establishment of a diocesan-wide policy regarding the minimum employer cost-sharing requirements; the offering of healthcare benefits to domestic partners, and the participation of local parish schools and diocesan institutions.

The diocesan-wide minimum cost-sharing policy must apply equally to clergy and lay employees scheduled to work at least 1,500 hours of compensated work per year.

### **Implementation of the Denominational Health Plan: Collaboration at the Local Level**

The Medical Trust will collaborate closely with Episcopal employers. While the Medical Trust is bringing the Church together around healthcare on a national level, it is the dioceses that will engage congregations and diocesan agencies/institutions at the local level.

The Medical Trust has established five regional territories and assigned a Regional Relationship Specialist to support each territory. These specialists live within the regions they serve, and work closely with their constituencies to address specific local concerns. Regional Relationship Specialists work with each diocese individually to create a customized implementation plan.

Between now and January 1, 2013, diocesan leadership will need to address four questions to customize the Denominational Health Plan for the diocese:

- What health plan options will the diocese offer to its congregations and participating institutions?
- What will the diocesan-wide minimum employer-sharing policy be for clergy and lay employees working at least 1,500 hours of compensated work per year, and how will it be communicated?
- Will domestic partner coverage be offered?
- Which schools and institutions will be required to participate?

Implementation will occur over a three-year period to minimize possible disruption to employers and employees.

The comprehensive, multi-year implementation program seeks to:

- Transition dioceses, congregations, and groups that do not currently participate in our health plans by providing analyses, consultations and competitive pricing
- Assist dioceses in developing an employer cost-sharing policy designed to achieve parity
- Ensure a seamless, efficient, pastoral transition for all involved

### **The Medical Trust's Commitment to The Episcopal Church**

The Medical Trust is committed to providing the Church with the same or better benefits at the same or lower cost, while seeking additional ways to improve members' health and well-being.

Cost savings were positively reflected in Medical Trust's 2010 rates. The Medical Trust's 2010 average rate increase was well below the projected national average of 9%. While the full amount of savings to the Church will be realized only when the Denominational Health Plan is completely implemented, this is early evidence that leveraging our size, and using that size to negotiate with our product partners, can yield savings for the Church. The Medical Trust is working to implement other cost-containment strategies including, the expansion of existing wellness and disease management programs, reviewing available plan options, and evaluating benefit plan designs.

Wellness initiatives are being implemented while a comprehensive health and wellness strategy dedicated to empowering our members to take better care of themselves and their families is being developed. As part of this initiative, effective January 1, 2010, the Medical Trust eliminated copayments (\$0 copays) for annual, in-network, routine physicals in health plans sponsored and administered by the Medical Trust to encourage members to get their annual screenings. This \$0 copay also applies to an annual eye exam, and all of our dental plans now include three (3) free in-network dental cleanings and related oral examinations per year.

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## General/Overview

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### ***What is the Denominational Health Plan (DHP)?***

A Church-wide program of healthcare benefit plans authorized by General Convention and administered by the Church Pension Fund (CPF), with benefits provided through the Episcopal Church Medical Trust (the Medical Trust).

### ***What does Resolution A177 require of employers?***

Employers are required to provide all eligible clergy and lay employees with equal access to and parity of funding for healthcare benefits, to be provided through the Medical Trust. Under the terms of this resolution, an eligible employee is someone who is scheduled for at least 1,500 hours of compensated work annually for any domestic diocese, parish, mission, or other ecclesiastical organization or body subject to the authority of the Church.

### ***What was the spirit behind the Resolution?***

Both this resolution and Resolution A138 (Lay Employee Pension System) speak to social justice issues around adequate benefits for the Church's lay employees. While cost concerns around these initiatives are real, so is the need of lay employees to have adequate pension and healthcare benefits. The support and dedication of lay employees make many ministries possible, and providing them with adequate benefits is not only necessary, it's the right thing to do.

Currently, some lay employees do not have access to healthcare benefits, and others have a higher cost share than clergy for the same benefits. Resolution A177 requires that each diocese establish a cost-sharing policy, and that it be the same for clergy and lay employees who are scheduled for at least 1,500 hours of compensated work per year.

Since 2009, the Medical Trust has experienced material cost savings through economies-of-scale purchasing and the optimization of provider and prescription drug discounts. These savings have been directly shared with the Church through lower annual premium increases in 2010 and 2011. We expect such savings to continue and grow as we move toward full implementation.

### ***What is the deadline for complying?***

Full implementation of the DHP must be completed no later than January 1, 2013.

### ***What are the advantages of the DHP?***

- Provide healthcare cost-containment for our Church by leveraging its aggregated size for large-scale purchasing of employee healthcare benefits.
- Provide dioceses and groups with control, choice, and flexibility.
- Balance financial constraints with the cost of delivering employee healthcare benefits.
- Provide equal access to healthcare benefits for all eligible employees through parity of plans and funding for the eligible clergy and lay employees of groups required to participate.
- Provide the assurance of future healthcare benefits for clergy and lay employees.
- Provide financial stability for employees through protection from catastrophic healthcare expenses and position employers to better absorb claim fluctuations and volatility.
- Decrease the healthcare benefit administrative burden for most employers.
- Provide comprehensive and integrated care management programs and processes for delivery of improved health outcomes.
- Proactively encourage the Church's clergy and lay employees to embrace healthy lifestyles, wellness strategies, and preventive healthcare.
- Provide excellent customer service.
- Provide individualized service, support, and education to dioceses through the assignment of a Regional Relationship Specialist from the Medical Trust's Client Relations department for each province.

### ***How much is the Church spending on employee healthcare benefits?***

In 2008, an actuarial estimate determined that Church employers and other groups that would be required to participate in the DHP spent a combined total of approximately \$133 million on healthcare benefits that year. In addition, we estimated that Church employees contributed another \$12 million, bringing the total cost for the Church as whole to approximately \$145 million. At that time, we projected that if no changes were instituted, costs to the Church would almost double in seven years, to over \$250 million by 2015.

### ***How much will the DHP save The Episcopal Church?***

Several key objectives of the DHP are to contain costs, effect savings, and make the continued provision of healthcare benefits sustainable. The ability to buy healthcare benefits collectively

rather than per-diocese or per-congregation means savings for the Church since larger groups yield lower unit costs. Since 2009, the Medical Trust has experienced material cost savings through economies-of-scale purchasing, and the optimization of provider and prescription drug discounts. These savings have been directly shared with the Church through lower annual premium increases in 2010 and 2011. We expect such savings to continue and grow as we move toward full implementation.

***Does the DHP require parish schools, camps and conference centers, social service agencies, and other Episcopal institutions to participate?***

No. The decision as to whether or not to require the participation of other Episcopal institutions under diocesan authority will be left to each individual diocese. However, organizations that are not required to participate by the diocese can choose to do so voluntarily.

***Does participation in the Medical Trust under the DHP require a group to comply with the requirements of the Lay Employee Pension System (Resolution A138) too?***

The Lay Employees' Pension System and the Denominational Health Plan are two separate canonical requirements. Although they are independent of each other, all dioceses, parishes, and missions are required to comply with each.

***How will national healthcare reform affect the DHP?***

The Patient Protection and Affordable Care Act (PPACA) and the regulations issued under it will have significant short-term and long-term impacts on the health plans of The Episcopal Church. As healthcare reform begins to affect employer-sponsored health coverage, please know that the Medical Trust will remain informed, responding to changing requirements and adapting our health plans in ways that seek to minimize disruption to our employers and our members.

The Medical Trust healthcare plans already conform to many of the new healthcare reform requirements:

- Plan members are provided with 100% coverage for most preventive services such as annual health examinations.
- Eligible members are not excluded from coverage on the basis of their individual health conditions.
- Pre-existing condition limitations are not imposed.
- Contribution rates are not determined on the basis of individual health history.
- Coverage is not canceled on the basis of individual health status.

In addition, effective January 1, 2011:

- The Medical Trust expanded health coverage to eligible adult children and stepchildren through age 30, regardless of student status, marital status, or tax-dependent status.
- The Medical Trust health plans have no annual or lifetime maximums.

There are several provisions that may impact the Medical Trust health plans in the future. We are working with other denominations through the Church Alliance to determine how our healthcare plans may be affected in the future. We will keep you up to date as more information becomes available.

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## Eligibility

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### ***Which employees are required to participate in the Medical Trust's health plans?***

Clergy and lay employees required to participate in the Medical Trust's health plans are those who are scheduled to work at least 1,500 compensated hours per year for any domestic diocese, parish, mission, or for any other ecclesiastical organization or body subject to the authority of the Church (and whose diocese has determined it must participate.)

### ***Can part-time employees participate in Medical Trust plans under the DHP?***

The Medical Trust's eligibility rules relating to part-time employees currently remain the same as before the formation of the DHP. This means that clergy and lay employees of any Episcopal institution who are regularly scheduled to work between 1,000 and 1,499 hours per year are eligible to participate voluntarily.

### ***How are hourly lay employees who are hired to work fewer than 1,500 hours per year, but who actually work and are compensated for 1,500 hours or more per year, treated regarding participation?***

The requirement to participate and the eligibility to participate voluntarily in the Medical Trust Plans are governed by *actual compensated hours*. In this case, the employees would be required to participate because the actual hours worked total or exceed 1,500 per year.

### ***What about clergy who receive a salary with no established hourly schedule?***

Clergy generally know if they are full-time (more than 1,500 hours annually) or part-time (less than 1,500 hours annually) employees. Full-time clergy employed by groups required to participate in the DHP are required to participate in Medical Trust health plans. Salaried clergy employed by groups not required to participate in the DHP and who are considered full-time are eligible to participate voluntarily. Part-time salaried clergy employed by other Episcopal entities may participate voluntarily if their employers offer health-care benefits through the Medical Trust.

***Are non-stipendiary clergy eligible to participate in the Medical Trust?***

Currently, non-stipendiary clergy are not eligible to participate in the Medical Trust Plans, with a few exceptions as noted in the administrative guidelines. The Medical Trust is evaluating the eligibility of non-stipendiary employees as part of a strategic project initiated in 2010. Because the Episcopal Church Clergy and Employees' Benefit Trust ("ECCEBT"), the trust through which the Medical Trust plans are funded, is a Voluntary Employee's Beneficiary Association (VEBA), we must evaluate eligibility of non-employees carefully.

***Are non-parochial clergy eligible to participate in the Medical Trust Plans?***

Non-parochial clergy employed by Episcopal institutions that offer healthcare benefits through the Medical Trust are eligible to participate if they are regularly scheduled to work at least 1,000 hours per year. Non-parochial clergy (working more than 1,500 compensated hours annually) employed by diocesan institutions *may be* eligible or *required* to participate at the option of the diocese.

***Are domestic partners of clergy or lay employees eligible for benefits under the DHP?***

Each diocese will decide individually whether or not to offer healthcare benefits to same-sex domestic partners, opposite-sex domestic partners, or both.

***How are seminarians treated under the DHP?***

The DHP does not address seminarian healthcare benefits coverage. Seminaries traditionally obtain their student coverage outside of diocesan medical plans. Many Episcopal seminaries use the Medical Trust's seminarian program.

***How will former employees currently enrolled in a benefit continuation program be treated under the DHP?***

Although the Medical Trust plans are exempt from the Employee Retirement Income Security Act of 1974, as amended (ERISA), we do offer an Extension of Benefits (EOB) program that will cover existing employees receiving COBRA benefits through the end date that is currently in place at the time they transition to the Medical Trust Plans. Once an employer participates with the Medical Trust, the EOB program will be available to departing employees. Those employees who left employment in 2010 or before are eligible for a maximum period of 18 months from their employment termination date. Beginning January 1, 2011, employees who leave employment will be able to extend their benefits for a maximum of 36 months from their employment termination date.

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## Plans, Products & Vendors

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***Will most employees have access to the same plan and provider network as they do currently?***

While the plans available from the Medical Trust may not be exactly the same as those currently offered by a particular group, the Medical Trust's variety of plans should meet the needs of most employees. A copy of our current plan offerings is available upon request.

***What is the prescription drug benefit under the DHP?***

The Medical Trust currently offers three prescription drug plan options through Medco. These designs work well for our groups and there are no plans to change them. As with the medical plan design, each group will choose which level of prescription drug benefit to offer its eligible employees.

For those groups that choose a regional Kaiser network plan, the prescription drug benefit is managed through Kaiser rather than Medco.

***Is dental coverage required under the DHP?***

No. Only medical benefits are required under the DHP. The Medical Trust does offer three dental plans using the CIGNA dental network.

***Can the Medical Trust provide a “plan-to-plan” comparison of each of our current plans and the plans offered under the DHP?***

The Medical Trust can prepare an analysis that compares the group's current plans against Medical Trust plan options, highlighting the differences in both cost and plan design.

***Can the Medical Trust provide a disruption report for any networks that are different from the ones we currently use?***

We can provide you with a detailed provider access report for employee zip codes. Depending on the quality of the data available from the prior healthcare benefit provider, we may be able to provide actual provider disruption reports.

***Will pre-existing conditions be covered by the DHP?***

Yes. When an eligible employee enrolls in the plan during either an open enrollment period or as the result of a qualified family status change, pre-existing conditions are covered subject to the terms of the plan benefit.

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## Parity

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### ***What does “parity” refer to?***

The DHP requires that each diocese establish, on a diocesan-wide basis, the minimum required employer cost-sharing policy for healthcare benefits. That means that a diocese can require employers to cover all or a portion of the contribution (premium) for employees and their families. “Parity” refers to the requirement that the diocesan policy regarding employer cost-sharing must be the same for all eligible clergy and lay employees scheduled to work at least 1,500 compensated hours per year. In other words, all clergy and lay employees who are scheduled to work at least 1,500 compensated hours per year must receive the same minimum level of funding — such as a percentage of the premium cost, a flat dollar amount, or a coverage level (i.e., single, family, etc.) — for healthcare benefits.

### ***When is the deadline for complying with the parity requirement?***

January 1, 2013 is the deadline for full implementation of the DHP, including the parity requirement.

### ***Does the Medical Trust have examples of canons, policies, rules, or guidelines other dioceses have created to govern the cost-sharing parity requirement?***

Examples of canons/resolutions or policies that other dioceses have developed are available upon request from your Regional Relationship Specialist.

### ***Do the parity rules apply only to clergy and lay employees hired after implementation of the DHP within the diocese? Can the diocese grandfather current employees using its current cost-sharing policies?***

No. By January 1, 2013, all clergy and lay employees who are scheduled to work at least 1,500 compensated hours per year must be treated equally with regard to cost-sharing of the medical plan premiums, no matter when they were hired.

### ***Can the diocese set a policy that treats full-time and part-time employees differently?***

Yes. The DHP requires that all clergy and lay employees who are scheduled to work at least 1,500 compensated hours per year be treated equally with regard to the cost-share of medical plan premiums. Employers are free to provide a different cost-share to their part-time employees.

***How does the diocese determine whether true parity exists between lay employees and clergy (those scheduled to work at least 1,500 compensated hours per year) throughout the diocese regarding the cost-sharing of health plan premiums?***

The Church Pension Group is designing a Web Self Service registration system through [www.cpg.org](http://www.cpg.org) that will provide reporting to diocesan leadership. It is expected to launch in 2012.

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## Implementation

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### ***How is the DHP being implemented?***

Implementation of the DHP is well underway. The Medical Trust has established a team of Regional Relationship Specialists who are partnering and consulting with groups to assist them in creating individualized implementation plans. Visit the DHP Resource Center at [www.cpg.org/dhp](http://www.cpg.org/dhp) to learn more.

### ***What is the implementation schedule?***

Individual dioceses are at different stages of implementation. Some are just forming committees and others are completing their decision-making. Since each diocese will require a customized plan, the Regional Relationship Specialists are working with all dioceses to complete implementation no later than January 1, 2013. For information about where your diocese is in the process, please contact your diocesan administrator.

### ***Can dioceses enroll in the DHP now?***

Yes. Any group can adopt a Medical Trust plan prior to the DHP implementation deadline, and may choose to comply with the parity and equal access regulations of Resolution A177 now or later — but in no case later than January 1, 2013.

### ***What role does the diocese have in the implementation process?***

The diocese is the primary partner in implementing the DHP within that diocese. The diocese must establish canons, policies, rules, or guidelines to determine:

- Whether institutions under its authority (schools, day care facilities, social service agencies, etc) are required to participate
- Whether the diocese wishes to provide healthcare benefits to domestic partners
- A cost-sharing policy that is the same for clergy and eligible lay employees
- Which Medical Trust plans will be offered in that diocese. The diocese makes this decision annually.

***How does the diocese determine what other institutions it may require to participate with the diocese in the Medical Trust plans?***

The rules governing the ECCEBT's status as a VEBA require that only eligible employees of Episcopal institutions be allowed to participate in the Medical Trust's plans. The Medical Trust has developed a document, "Questions to Consider When Determining if an Organization is Subject to the Authority of the Church," to assist dioceses in determining which of its diocesan institutions are considered Episcopal institutions, according to these stipulations.

***Can groups required to participate choose to purchase healthcare benefits elsewhere, especially if they can get them at a lower cost?***

No, but the Medical Trust will work with all employers to find plans that are economically viable for their specific situations and populations. It is important that all required groups participate with the Medical Trust to ensure optimal leverage in negotiating services from our contracted vendors

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## Employer-Specific

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### ***Who is going to monitor compliance with the DHP?***

Participation in a Medical Trust plan is required by the canon enacted by the General Convention of The Episcopal Church and is enforced in the same manner that any canon is enforced. It is the individual diocese's responsibility to ensure compliance with Resolution A177, as it is with all canons. The Medical Trust will not enforce compliance.

### ***What should the diocese communicate about DHP implementation to its constituents?***

The Medical Trust has developed specific communication tools for the diocese to use for effective communications. We will work with each diocese to create a communication plan regarding the implementation of the DHP.

### ***Who handles the open enrollment communications under the DHP; the diocese or the Medical Trust?***

Before the open enrollment period begins, the diocese should communicate specific information to its parishes and other participating institutions regarding its plan selections, associated rates, and plan design changes so that employees can make informed decisions about their specific healthcare options. During open enrollment, the Medical Trust communicates directly with employees to provide information about how to review their plan selection choices, the resources and references available to them, and how to access the MLPS system and manage their enrollment.

(Most of the actual open enrollment verifications and changes are done directly by the employees, using our user-friendly web-based MLPS system)

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## Employee-Specific

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### ***Can an employee opt out of the DHP, and if so, under what circumstances?***

Under the terms of the DHP, clergy and lay employees who have medical benefits through approved sources will be allowed to waive medical coverage under the DHP (“opt out”) and choose to maintain their medical benefits through the approved source. Examples of approved sources include coverage through a spouse’s or partner’s employment, medical benefits through a government-sponsored program such as Medicaid or TRICARE, or coverage from a previous employer. The list of approved sources is subject to change based on the federal healthcare reform law.

An employee may elect to waive coverage at the initial point of employment, during annual open enrollment, or at the time of any significant life event. The employee will need to reaffirm the election to waive coverage on an annual basis, as determined by the Medical Trust.

### ***Will there be some type of form or waiver that employees are required to sign if they opt out? For those who do, will this be required annually?***

Declaration of the individual waiver will occur on an annual basis during open enrollment beginning with the enrollment for 2012. The employee will need to reaffirm the election to waive coverage on an annual basis. Each year, administrators will make sure all employee decisions to opt-out are captured properly. This data can be updated throughout the year as members join or leave the plans.

### ***What about employees in rural areas? What will the DHP do for them in terms of cost and access?***

Access to providers in rural areas is a global challenge and one we continue to work to address with our national carriers Aetna, BCBS, CIGNA, Kaiser and UHC. These five carrier networks provide 98% of members with access to a participating provider where lower out-of-pocket costs for both the member and the plan exist. In addition, we offer plans with non-network benefits that allow members to seek care from any licensed provider. We recognize that, for rural members, this often results in either extensive travel to find a participating provider or the higher costs associated with having to utilize non-network care. This is why we have engaged our plan partners in the process of seeking solutions, since they

are better able to influence and engage local healthcare providers on our behalf. Geographic cost of healthcare is a factor in the pricing of groups; as overall cost efficiencies are realized, rural groups will benefit.

***How does an existing Letter of Agreement (LOA) with a cleric or lay employee affect a diocese's compliance with Resolution A177's parity requirement?***

The issue is complicated. There are several factors that may influence the relationship between an existing letter of agreement and the DHP. It is important to have your diocesan chancellor review existing LOAs to determine whether revisions to the LOAs are required and, if so, to determine the appropriate process for amending them.

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## Retiree Specific

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### ***How are pre-65 retirees covered under the DHP?***

The DHP does not change the Medical Trust's current practice of providing coverage for eligible employees who retire before they are eligible for Medicare. If an employee has worked for the Church (a diocese, a congregation, or other institution under the authority of the Church) and has accrued at least five years of credited service immediately prior to retirement, that employee is eligible to enroll in any of the active medical plans offered by the diocese from which the employee retires.

### ***Will there be any change in the Medicare Supplement coverage as a result of the DHP?***

No, the post-65 Medicare supplement coverage will not change because the DHP addresses only active clergy and lay employees, not retirees.



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