

BOARD OF PENSION AND HEALTH BENEFITS

REPORT #5 HEALTH INSURANCE PROGRAM (HEALTHFLEX)

In 2023, the Conference Board of Pension and Health Benefits will continue to offer a health benefit program. Health insurance is not mandated by the General Conference, but we wish to provide these benefits as long as they are affordable. In a group policy, the cost of premiums is directly related to prior claims experience. Our group is relatively small and older, which usually leads to higher claims, and thus higher costs. This year's premium increase is high, due mostly to a second year of high claims, and to increased medical costs generally. Participation in the Conference health insurance program (HealthFlex) is mandatory for persons in the following categories who are under full time appointment:

1. To the Local Church:
 - A. Members of the South Georgia Annual Conference appointed to full-time service who are:
 - a - an elder in full connection (*2016 Discipline*, ¶338.1);
 - b - an associate member (*2016 Discipline*, ¶321.3);
 - c - a provisional member on the elder track (*2016 Discipline*, ¶326);
 - B. A full-time local pastor who is under episcopal appointment to a charge located in the South Georgia Annual Conference (*2016 Discipline* ¶318.1);
 - C. An ordained elder or ordained clergy from other annual conferences or other Methodist denominations appointed to a local church within the South Georgia Annual Conference (*2016 Discipline*, ¶346.1); or,
 - D. A clergy member from another denomination under episcopal appointment to a local church within the South Georgia Conference as defined by the *2016 Discipline*, ¶346.2.
2. To an Extension Ministry:

An ordained elder, an associate member, or a probationary member (other than a missionary) appointed beyond the local church within the connectional structure to a unit of the South Georgia Annual Conference (*2016 Discipline*, ¶344.1(a)(1)) with pension responsibility by the Annual Conference. This includes members who are serving as district superintendents, connectional ministries directors and staff, congregational development officers, assistant to the bishop, conference treasurer, director of ministerial services and other appointments with salaries funded by the Annual Conference.

ACTIVE MINISTERS

1. All ministers covered under the mandatory participation rules will have 100% of the cost of their premium billed directly to the local churches they are serving.
2. The cost of health insurance for participants on incapacity leave and receiving disability benefits from the Comprehensive Protection Plan who are in a mandatory participation category will be paid by the Conference through the apportionments.
3. Salary-paying units of Extension Ministers (including Conference Evangelists) must pay the full cost of the premiums in order for them to participate in the health insurance program (HealthFlex).

RETIRED MINISTERS

Since January 1, 2013, we have used the services of Via (formerly One Exchange) to provide supplemental insurance policies to ministers retired from the South Georgia Conference and their spouses who are eligible for Medicare. Health Reimbursement Accounts (HRAs) are established with Via (formerly One Exchange) to help cover the cost of the insurance based on previous participation in HealthFlex and years of service in the South Georgia Conference.

Beginning July 1, 2016, the rates will be:

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| 20 years of service/participation in South Georgia plan | - <i>\$2,520 annually</i> |
| 10-19 years of service/participation in South Georgia plan | - <i>\$1,890 annually</i> |
| less than 10 years of service/participation | - <i>no contribution</i> |

These amounts are subject to change based on the decision of the Conference Board of Pensions. From time to time, we survey our retirees concerning the actual cost of their supplemental insurance.

Report #7 presents our recommendation that the South Georgia Conference establish a Funding Reserve Trust for Post-

Retirement Clergy Benefit Plans. If established, this Trust will assume responsibility for funding retiree healthcare for pastors over 65 in retirement. The 2023 rate will be determined by the new South Georgia Conference Funding Reserve Trust Board of Trustees.

HEALTHFLEX PREMIUMS FOR 2023

The premium for the “default” plan (CDHP C2000) is \$985/month in 2022; in 2023, the premium will increase to \$1,081/month. This 9.7% increase (\$96/m) is related to very high claims in 2021. Our lower “claims experience” in 2017, 2018, and 2019 helped keep our premiums in line, but 2020 and 2021 were not good. **In our continuing effort to help local churches, the Conference Board of Pensions will pay \$82.50 per month towards the premium of the clergy person. The amount billed to local churches is expected to be \$998.50/month.** We are using rebate funds from “good claims experience” years to offset these premium increases. While these funds will not last indefinitely, they do now provide some immediate assistance. These rebates came from premiums paid by churches and from premiums paid by pastoral families. **In addition, the Board of Pensions will offer a rebate on HealthFlex to clergy families for the very first time in 2023. Clergy with “single plus one” coverage will receive \$125/month in premium rebates, while clergy with “family” coverage will receive \$200/month in premium rebates in 2023. These amounts, combined with the subsidy to churches, will provide some small premium relief to clergy with this coverage.** While these rebates are likely not sustainable more than a year or two, the Board believes we can provide it in 2023, and may be able to consider it in 2024. At the same time, we are compelled to note that clergy participation in wellness programs offer our best option for increased clergy health and lower premiums. For more information on our wellness programs, download the brochure at <https://www.wespath.org/assets/1/7/5663.pdf>, or visit Virgin Pulse through your Benefits Access account.

Our claims experience in 2021 was 120.6% overall (meaning for every dollar we paid in premiums, the insurance paid out \$1.20 in claims). In 2020, claims were 1.25 cents for every dollar in premiums. These high claims not only result in increased premiums; they make it unlikely any other insurance carrier will bid for our business. We are faced with paying high premiums or not offering insurance coverage.

Our clergy population is older than the average insured group. As long as our conference wishes to provide health insurance for pastors in a group plan, we will struggle with these costs. Our carrier, HealthFlex, does provide numerous wellness benefits and incentives to live healthier, as well as coaching and other assistance to those wishing to get healthier. These could produce better health in our clergy, which would benefit the clergy as well as lower our claims. Our participation in these wellness incentives is low. Pastors must overcome their resistance to participation in their own wellness if we are to continue providing health insurance.

MISCELLANEOUS INFORMATION

USING THE HEALTHFLEX EXCHANGE:

Beginning in 2011, our “active plan” (for participants under age 65) was changed to a Consumer Driven Health Plan (CDHP), a type of health insurance plan that allows the participant to use a health reimbursement account (HRA) to pay certain health care expenses directly, while a high-deductible health plan protects them from catastrophic medical expenses. This model resulted in significant savings for the conference, and delayed premium increases for 3 years. The Conference Board of Pensions monitored the type of plans available and their costs, and decided to participate in the private HealthFlex Exchange in 2017.

Participating in the Exchange allows participants to choose from several health plans instead of only one. Each plan has its own deductibles, coverages, and costs. In addition, the Exchange provides dental and expanded vision coverage. Participants are more likely to find a plan which suits their particular needs.

We will continue to participate in the HealthFlex Exchange in 2023.

SOUTH GEORGIA CONFERENCE WEBSITE: www.sgaumc.org

The Administrative Services section of the Conference website includes many useful forms and articles regarding pension, health insurance, flexible spending accounts, and related matters. In addition, the Housing Allowance Resolution for Retired or Disabled Ministers is available on the website.