

A Model for Parity in Health Insurance

Background

Initiated from actions taken by General Convention 2006, the Church Pension Group (CPG) was authorized to study the provision of health insurance benefits across the Episcopal Church. CPG was to report back to General Convention 2009.

The resulting study discovered that there was a great social justice issue within the Episcopal Church around health insurance benefits, especially for the Church's lay employees. Some lay employees did not have access to healthcare benefits; others paid a much higher cost share than clergy at the same church. There is no argument that cost concerns are real when proposing expansion of provided benefits, but so is the need of lay employees to have adequate 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.

General Convention 2009 considered the CPG report and adopted Resolution A177, which implemented what became known as the Denominational Health Plan (DHP). As part of this adoption, CPG was authorized to provide the vehicle, their subsidiary "Medical Trust," that would enact the DHP.

Eligibility

All Episcopal Church entities subject to the authority of the Episcopal Church are required to comply with the DHP.

All full-time employees (clergy AND lay) of subjected institutions who are scheduled to work 1,500 hours or more per year (roughly 30 hours per week) are to be covered.

Part-time employees (clergy AND lay) of subjected institutions who are scheduled to work between 1,000 and 1,499 hours per year (roughly 20-29 hours per week) are eligible to participate voluntarily.

Part-time employees (clergy AND lay) of subjected institutions who are scheduled to work under 1,000 (less than 20 hours per week) are ineligible to participate.

Requirement of Parity

The DHP requires that each diocese establish a standard for the minimum required employer cost-sharing for eligible employees. This is known as the "parity" requirement of the DHP. There must be equal treatment by all institutions subject to the DHP for all employees.

In other words, all eligible employees must receive the same minimum level of funding. This could be in terms of a percentage, in terms of a dollar figure, in terms of provided tiers of

coverage, etc., but in all aspects the treatment must be equal. It is up to each diocese to establish a standard with the understanding that any institution subject to the DHP may provide more generous levels of provided coverage, as long as the treatment is equal for all employees.

General Convention 2012 retained the requirement of the use of the DHP, but delayed the parity requirement for three years.

The deadline for compliance with the DHP standard on parity was January 1, 2016.

At the Diocesan Level

For 2024, the Diocese of Virginia offers seven plans for non-Medicare-eligible employees and four plans for Medicare-eligible employees. For each of these plans, there are four tiers of coverage (Single, Plus spouse, Plus Children, and Family).

For any chosen base plan, the employer will pay a minimum by tier of: 90% of the cost of Single coverage plus (where applicable) :

- 80% of the cost of the increment to Plus Spouse coverage
- 80% of the cost of the increment to Plus Children coverage
- 60% of the cost of the increment to Family coverage

A practical rule of thumb to apply when budgeting for these minimums is to apply 90% to the Single rate, 85% to the Plus Spouse and Plus Children rates, and 70% to the Family rate.

The employer may certainly be **more** generous in terms of the percentages, provided **all** eligible employees are treated equally.

The Employer Level

Each church employer will select a base plan from the plans offered in any given year. The employer will also make clear to employees which plans are available to them to select from for the coverage period.

The employer will apply at least the minimum employer cost-sharing shown above to the base plan tiers of coverage. This calculated amount will be the most that the employer will pay for any eligible employee, regardless of the plan selected.

The Employee Level

The eligible employee will select a plan from those available and also select a tier of coverage.

If the employee selects from the base plan, the employer has already done the work of figuring out what portion will be paid by the employer and the employee. The employee portion should be handled by a salary reduction for simplicity.

If the employee selects from a lower cost plan, the employer's portion stays the same while the employee's portion is reduced by the difference in cost.

If the employee selects from a higher cost plan, the employer's portion stays the same while the employee's portion is increased by the difference in cost.

Example

A model demonstrating the value to the employer of choosing a base plan offering is shown below. Using a hypothetical base plan, the least expensive plan, and the most expensive plan, we can see that choosing a contribution level and base plan allows budgeting for coverage regardless of the choice an employee makes. If an employee chooses a less expensive plan, the employee share is reduced (or eliminated) and the employer need only pay the lesser of the actual premium or the set contribution. If the employee wishes to buy up to a more expensive plan, the employer's exposure is limited to the set contribution and the cost of the upgrade is borne by the employee.

Base Plan	Single	Couple	Parent	Family
Anthem BCBS BlueCard PPO 80	975.00	1,945.00	1,750.00	2,915.00
Employer pays 90/80/80/60	877.50	1,653.50	1,497.50	2,041.50
Employee pays 10/20/20/40	97.50	291.50	252.50	873.50
<i>Employee Share of Cost</i>	10%	15%	14%	30%
Lowest Rate Plan	Single	Couple	Parent	Family
Anthem BCBS CDHP-20/HSA	830.00	1,655.00	1,490.00	2,820.00
Employer pays up to contribution for Base Plan	830.00	1,653.50	1,490.00	2,041.50
Employee pays difference between base and choice	-	1.50	-	778.50
<i>Employee Share of Cost</i>	0%	0%	0%	28%
Highest Rate Plan	Single	Couple	Parent	Family
Anthem BCBS BlueCard PPO 100	1,215.00	2,425.00	2,180.00	3,635.00
Employer pays up to contribution for Base Plan	877.50	1,653.50	1,497.50	2,041.50
Employee pays difference between base and choice	337.50	771.50	682.50	1,593.50
<i>Employee Share of Cost</i>	28%	32%	31%	44%