

Denominational Health Plan (DHP) Policy
*(approved at the September 11, 2012 meeting
of the Diocesan Council of the Diocese of Washington)*

The Episcopal Diocese of Washington (EDOW), in accordance with the Canons of the Episcopal Church, establishes a policy ensuring that the diocese and all of its congregations provide health insurance for all eligible employees (those lay and ordained employees who work 1,500 hours or more per year) through an approved Diocesan plan according to the following:

1. **All eligible employees will be offered health insurance.** The plans available will be selected by EDOW from those offered by Episcopal Church Medical Trust. Employees may opt out of EDOW health insurance coverage and will be required to sign a release declining coverage if they choose to opt out.
2. **All eligible employees will at a minimum be offered health insurance at the level of “Employee Plus One.”** The ‘plus one’ may include a child, spouse or domestic partner according to the plan administrator coverage descriptions.
3. **Premium cost sharing on the part of the employee shall not exceed 25%,** and all clergy and lay employees within a parish must be at the same level of premium cost sharing from 0% to 25%, depending on each parish’s policies.
4. **Schools, day care facilities and other congregational and diocesan non-parish institutions are required to achieve parity between all clergy and lay employees. Schools, day care facilities and other institutions sponsored by parishes may be considered as separate from the parish and from each other for purposes of health insurance coverage.** These institutions are encouraged but are not required to purchase insurance from the Episcopal Church Medical Trust and will be required to solicit bids from the Episcopal Church Medical Trust when purchasing insurance for their employees.
5. **Diocesan Council shall annually assess health insurance plan options** from the Episcopal Church Medical Trust to ensure that EDOW plan options provide adequate cost choices and quality coverage for all eligible employees in the diocese.
6. **Parishes are required to make a base salary adjustment** to reduce undue financial burden on currently covered employees caused by changes to level of coverage (family to plus one) and/or premium cost sharing.

This policy will take effect on January 1, 2013 with full implementation of required parity no later than January 1, 2015. The implementation plan is attached.

Implementation and Notes on the Denominational Health Plan Policy:

Compliance: The EDOW DHP policy is written in such a way as to conform to the canons of the Episcopal Church.

Eligibility: Health insurance **MUST** be offered to all employees who work 1,500 or more hours annually. Insurance may be made available to employees who work 1,000 to 1,499 hours and they may purchase their own coverage through the diocesan plan.

Opting Out: The Episcopal Church Medical Trust allows eligible employees to opt out of the DHP coverage **provided** they have insurance coverage from an approved source. Parishes may not opt out – only individual employees. Lay or ordained employees who opt out must sign a release noting their desire to decline coverage as it has been offered. Under no circumstances should an employee be pressured to opt out by the employer.

Level of Coverage: EDOW has set “employee plus one” as the minimum level of coverage, a level that includes the majority of plans already utilized by employees in the diocese. This also reduces impact on employees receiving ‘family’ coverage in 2012 in situations where a parish establishes diocesan minimums as parish minimums. The cost difference between “plus one” and “family” is a smaller gap to overcome than that between “single” and “family.” A parish may also elect to offer their eligible employees ‘family’ coverage. An employee may always purchase additional coverage or a more expensive plan than the minimum their employer offers.

Premium Cost Sharing: As parishes continue to balance the needs of their employees with the economic realities of their budgets in meeting the DHP policy, it may be prudent for some parishes to consider premium cost sharing between employees and the parish. This means that employees may be asked to share the cost of the insurance premium through out of pocket contributions. This cost sharing would be in addition to co-insurance, deductibles and co-pays built into various plan choices. The most any employee in EDOW should be asked to contribute towards insurance premiums, regardless of plans, will be 25% of the cost of the premium. No matter what percentage of cost sharing a parish institutes (and it may elect to pay 100% of premiums), all eligible lay and ordained employees in that parish must participate at the same level of cost sharing.

Schools and Other Institutions: The Episcopal Church has made it clear that as a body we seek parity among all our employees, lay or ordained, when considering health insurance offerings. All Episcopal institutions are included in this vision, although EDOW recognizes that the economic realities of the DHP around purchasing insurance create a particular hardship for some schools and institutions. As long as the spirit of the resolution is being met, schools and other institutions have the option to seek their own plans and pricing. In order to keep the door open to future participation in the Episcopal Church Medical Trust, all diocesan schools and institutions engaged in a bid process for health insurance must request a quote from the Trust as a part of that

process. Ultimately, as more institutions join the Episcopal Church Medical Trust, everyone shares in the cost effectiveness of large group insurance. In cases where the Trust is competitive with other options, it is the hope of EDOW that schools and institutions will consider joining the Trust.

Plan Options and Pricing: Diocesan Council makes annual selections for health insurance plans with counsel and recommendation from the Diocesan Human Resources Committee. Moving forward Council recognizes the need for a careful review of plan options at various price points. Current and recent plan offerings have been very full benefits and therefore carry considerable premiums. Some parishes will experience increased costs associated with the DHP Policy, and we will work diligently to find plan options that balance good coverage and affordable premiums.

Salary Adjustment: It would not be within the spirit of the DHP to ‘penalize’ an employee by dramatically increasing their out of pocket costs as this policy is instituted. In the past, Diocesan recommendation for such cases has been to calculate a base salary adjustment for the first year of a new policy to offset additional cost to the employee. This will be particularly important for situations where an employee who had 2012 “family” coverage is included in a policy that establishes “plus one” as the basic offering. The 2012 premium difference is around \$9,000 in that situation. Similarly, an employee who is asked to share the cost of premiums where there were none previously could be expected to pay up to \$6,000 annually given 2012 premiums. While we do not know what the plan choices will be for 2013 and beyond, this is a very important issue. To reduce the financial hardship on those affected employees, each parish is required to make adjustments to salary so that employees can afford to purchase additional coverage (in the case of a “family” to “plus one” change) or afford the premium cost share. The Diocese can help advise parishes in this process.

Implementation: While this policy takes effect on January 1, 2013, we realize that some parishes require additional time to plan for the changes this DHP policy is creating. As with all diocesan policies, parishes should do their best to meet the requirements of the policy, and should be in conversation with the Diocese if that is not possible.

As a part of implementation, all new hires from January 1, 2013 must be made in accordance with the DHP Policy of the Diocese. For all clergy called after January 1, 2013, Letters of Agreement must contain language that is compatible with the DHP Policy. Existing Letters of Agreement and Employment Contracts may need to be modified as the DHP Policy is enacted in each congregation. The Diocese is available to help advise a parish and an employee on that process.