

Proposer of Resolution: The Rev. Robert Lamborn
Organization: Personnel Committee
Title of Resolution: Revise Clergy Compensation Guidelines
Contact: interim@stlukeskatonah.org

TEXT OF RESOLUTION

[12] RESOLVED, That the following health benefits policy is adopted, effective 1/1/16.

Health Benefits Policy
Episcopal Diocese of New York
effective January 1, 2016

1. The Episcopal Diocese of New York conforms to the requirements of General Convention, including (but not limited to) participation in the Episcopal Church's Denominational Health Plan, and parity in employer health benefits for lay and clergy employees working at least 1500 hours per year.
2. All congregations and other employing entities in the Episcopal Diocese of New York are employers required to provide health coverage to their employees as specified in this policy.

3. Medical and Dental Insurance

The Aetna Health Maintenance Organization (HMO) offered through the Episcopal Church Medical Trust is considered adequate medical coverage, and the Cigna Basic Dental 50/150 plan is considered adequate dental coverage. Employers may, but are not required to, cover the additional cost of more expensive plans. Employees wishing to elect a more expensive plan offered through the diocese are welcome to do so by contributing the cost difference.

4. Eligibility and Employee Contributions

- a. Lay and clergy employees working and paid **full-time** are provided
 - Single coverage with an employee contribution of 1% of the premium
 - Employee + 1 coverage with an employee contribution of 2% of the premium
 - Family coverage with an employee contribution of 3% of the premium
- b. Lay and clergy employees working and paid **less than full-time, but at least 30 hours per week** (1500 hours per year)
 - Single coverage with an employee contribution of 1% of the premium
 - Employee + 1 with an employee contribution of 2% of the premium
- c. **Clergy** working and paid **less than 30 hours, but at least 20 hours per week**
 - Single coverage with an employee contribution of 1% of the premium

Lay employees working and paid **less than 30 hours per week, but at least 20 hours per week**, must be allowed access to participate at their own expense in the plan of their choice among those offered by the Diocese of New York.
- d. Clergy and lay employees working less than 20 hours per week do not qualify to participate in Episcopal Church Medical Trust plans. Employers are encouraged to assist them with the cost of purchasing health insurance on a government exchange.
- e. If an employee hired before January 1, 2015 receives family coverage under 2014 diocesan policy but will qualify only for single coverage starting in 2016 under this policy, the employee responsibility for paying the additional premium to cover his or her family members is to be phased in between 2016 and 2020 in increments of 20% per year, with the balance paid by the employer.

f. If an employee hired before January 1, 2015 receives family coverage under 2014 diocesan policy but will qualify only for Employee+1 coverage starting in 2016 under this policy, the employee responsibility for paying the additional premium to cover his or her family member(s) is to be phased in between 2016 and 2018 in increments of 33% per year, with the balance paid by the employer.

g. If an employee hired before January 1, 2015 receives Employee+1 coverage under 2014 diocesan policy but qualifies only for single coverage starting in 2016 under this policy, the employee responsibility for paying the additional premium to cover his or her family member is to be phased in between 2016 and 2018 in increments of 33% per year, with the balance paid by the employer.

h. Employees hired during 2015 must be made aware at the time of hiring that this policy will apply to them as of January 1, 2016.

5. Coordination of coverage

a. When an employee qualifies for coverage of the spouse or domestic partner (hereafter, “spouse”), but the spouse has health coverage provided by his/her employer, it is expected that the spouse will be covered under his/her own employer’s plan. Incentive: Church employer pays the entirety of the employee’s single coverage, plus an amount into a Health Savings Account for the employee, totaling 25% of the amount saved by the employer.

b. When an employee qualifies for coverage of a dependent child or children, but they are covered under the other parent’s health plan, the church employer pays the entirety of the employee’s remaining health coverage, plus an amount into a Health Savings Account for the employee, totaling 25% of the amount saved by the employer.

c. If the employee him-or-herself is covered under the spouse’s plan, the church employer pays 25% of the amount saved by the employer into a health savings account for the employee, and is strongly urged to set aside the remaining 75% of the insurance cost in a designated parish account.

d. Other arrangements coordinating the employee’s and spouse’s plans that ensure full coverage of the household and do not require the employer to pay more than its responsibility under this policy may be mutually agreed on by employee and employer.

e. It is understood that at the time of open enrollment each year, church employees have the right to make changes regarding which family members are covered, within the bounds of diocesan policy.

6. Adult Children

Employees bear any additional premium cost for insuring dependent children ages 26-29, except in the case of disability or other extenuating circumstance. Employees whose dependent children have attained the age of 26 before December 31, 2015 are exempt from this provision.

Explanation of Resolution:

The rising cost of health care has placed extraordinary strains on church employers and their employees--both clergy and lay. While clergy and covered lay employees have borne additional costs in the form of higher copayments and reduced out-of-network coverage, premiums have still skyrocketed. Since 1996, the premium cost for diocesan minimum health coverage for clergy has increased more than 175%, with the cost of the family coverage tier increasing more than 215% (both percentages adjusted for inflation).

Those in secular employment have generally become required to contribute toward the cost of their health premiums. A number of lay leaders do not understand why, or even resent that, clergy do not have a similar requirement in the Diocese of New York, when it has been implemented in other dioceses.

The differential between the cost of single and family health premiums has grown from \$4044 in 1996 to \$16,248 in 2014. It has become very tempting for churches to give significant weight to health insurance requirements in search processes and hiring decisions. At the same time, there is currently no incentive in diocesan policy to encourage an employee’s family members to be covered under another plan (typically that of the spouse/partner) for which they qualify.

Currently there is an all-or-nothing requirement that full family health coverage be extended to clergy starting at half-time employment. When this requirement was implemented, it made sense, but the cost of family health insurance has grown to the point that it now exceeds the minimum cash stipend for clergy in all but the highest experience bracket.

General Convention has required parity in health coverage for lay and clergy employees working at least 1500 hours per year (30 hours per week or ¾ time), effective December 31, 2015. While some employers in our diocese provide health coverage to their lay employees, it is currently strongly urged by diocesan convention, not required.

The “Cadillac Tax” provision of the Affordable Care Act will come into effect in 2018, requiring employers to pay a 40% tax on their contributions to health coverage exceeding \$10,200 (single) or \$27,500 (family). Even with 10% increase in the threshold for employers who have a large number of older employees, the cost of minimum coverage in the Diocese of New York is likely to exceed the threshold, which would further increase the burden on employers.

The Diocesan Personnel Committee held listening sessions in the 3 regions of the diocese on May 31, June 7, and June 14. The resolutions offered seek to address the changes and challenges listed above with justice and fairness for all concerned.

[13] RESOLVED, That effective January 1, 2016, Item 4 of the Diocese of New York Clergy Compensation Guidelines are revised as follows:

Current: 4. Health Benefits

Congregations shall pay 100% of the premium costs for adequate medical and dental coverage for their priests and their dependents. The Health Maintenance Organizations (HMOs) offered through the Episcopal Church Medical Trust are considered adequate medical coverage. (Note: The congregation is not required to contribute more than the HMO rate for medical insurance.) The dental plan offered through the Episcopal Church Medical Trust is considered adequate dental coverage.

Replace with: 4. Medical and Dental Insurance

Congregations and other church employers shall provide adequate medical and dental coverage for their clergy employees and their dependents in accordance with the Diocese of New York Health Benefits Policy.

[14] RESOLVED, That effective January 1, 2016, Items 4 and 12 of the Diocese of New York Lay Compensation Guidelines (last adopted by Diocesan Convention in 1999) are revised as follows:

Current: 4. Health Insurance: Each congregation shall provide all of its lay employees with access to the HMO or Indemnity Plans of the Episcopal Church Medical Trust or a comparable carrier. (Note: see Item 4 under Section B. Items strongly urged by Convention.)

Replace with: 4. Medical and Dental Insurance: Each congregation or church employer shall provide all of its lay employees working and paid at least 1000 hours per year (20 hours per week) with access to the Episcopal Church Medical Trust plans offered through the diocese. Each congregation or church employer shall provide adequate medical and dental coverage for all of its lay employees and their dependents to employees working and paid at least 1500 hours per year (30 hours per week) in accordance with the Diocese of New York Health Benefits Policy.

Current: 12. Health Insurance: Although only “access” to health insurance is mandated, it is strongly urged that congregations contribute to the cost of the health insurance premiums for lay employees

Replace with: 12. Congregations and other church employers are urged to contribute toward the cost of premiums for lay employees working at least 1000 hours per year (20 hours per week) but less than 1500 hours per year (30 hours per week).