



# Diocesan Health and Welfare Benefits Trust of the Episcopal Diocese of Pennsylvania

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**The Rev. Tom Wand** • Chair, Benefits Committee • **Email:** [thoscwand@aol.com](mailto:thoscwand@aol.com)

January 2011

Dear Clergy, Wardens and Parish Administrators:

The **Commission on Clergy Salaries and Pensions** continues to monitor the health insurance industry as it applies to the Diocese and its people. 2010 was a year of extraordinary change.

The press has reported astronomical increases in the Philadelphia area ranging anywhere from 20% to 50%.

In recent years, increased medical costs have had a significantly greater impact on medical inflation trend factors. Much of this is driving by new procedures, devices and pharmaceuticals, including specialty biologic drugs that are often customized to an individual's own needs. These specialty biologic drugs were almost unheard of at the beginning of the decade. While they represented less than 5% of the average groups pharmaceutical prescriptions by numbers in 2009, they represent over 20% of such a group's costs. This is a rapidly growing component of our costs and will not be abated by current brand drugs becoming generic drugs in the future.

Another change driving costs is that small and medium sized employers have been hit with increased experience (usage) factors for 2011, as major insurers have increased that portion of a group's high dollar claims that is included for experience calculations in future rate calculations.

In addition, legislative factors increasing rates include, but are not limited to: (a) prohibition of insurers to deny coverage for pre-existing conditions, (b) extension and expansion of family coverage for dependants to age 26 regardless of location or student status, (c) full implementation of mental health parity and (d) addition and extension of autism benefits.

Despite these driving factors, we are pleased to report that we have been able to contain increases in the Diocesan plans for 2011. Our Personal Choice Flex C3-F4-O1 plan has an increase of 10%, while our Keystone HMO Flex C3-F4 plan has an increase of 19%. 2011 rates are found on the reverse side of this letter and at [www.mydiopabenefits.org](http://www.mydiopabenefits.org).

## **LIFE AND DISABILITY INSURANCE**

The **Commission on Clergy Salaries and Pensions** made two very important changes to benefits for lay employees in the Diocese effective January 1, 2008. They have proved to be very successful, since these programs were the right thing to do and were critical to bringing our lay employee benefits into parity with our clergy benefits.

***In 2011, we hope that all congregations will make sure that every lay employee working over 20 hours per week is enrolled in these two programs – (1) Group Life Insurance and (2) Disability Coverage.***

The first is the **Group Life Insurance** program – available for both Clergy and Lay Employees – which offers coverage at 100% of the current year salary for lay or total compensation package (i.e., Pension Assessment Base) for clergy at very advantageous group rates. The Commission negotiated a rate that is 26% lower than the rate afforded any other Diocese for life coverage through the Church Life Insurance Company.

Additionally, Clergy and Lay employees, as well as their dependents, can now acquire additional coverage (up to \$500,000) through the Church Life group supplemental life insurance program, subject to brief medical underwriting. A brochure and an application for this important benefit are available at [www.mydiopabenefits.org](http://www.mydiopabenefits.org).

The second program is a **Disability Coverage for Lay Employees** that parallels the coverage that is provided for clergy by the Church Pension Fund. The coverage seamlessly incorporates both Short-Term Disability (Day 30-360) and Long-Term Disability (day 360 on) coverages. The program is offered by the Church Insurance Company and underwritten by UNUM. A summary of the benefits can be found at [www.mydiopabenefits.org](http://www.mydiopabenefits.org).

We encourage you to provide updated 2011 salary information for your clergy and lay employees when you receive your employee survey so they can be enrolled. The survey will be mailed under separate cover in December.

**Disability Coverage for Clergy:** We hope all clergy will (a) review the summary of pension benefits mailed annually to all clergy and to (b) update all total compensation information with the Church Pension Fund to reflect any changes.

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Listed below is a brief summary of the more important highlights of the Commission's programs for 2011:

### **SALARY**

**Salary** – The 2011 salary figures for full-time clergy have not changed from the figures adopted by Convention for 2009. A summary of the salary standards Resolution RB-2010 is attached.

## **HEALTH AND DENTAL INSURANCE**

**Benefits** - The Personal Choice Flex C3-F4, Keystone HMO 105, HMO Flex C3-F4 medical plans have not changed for 2011.

- **Personal Choice Flex C3-F4** – The benefits for this program have not been changed. There continue to be out-of-network benefits and freedom of choice. *The 2011 rate increase is an average of 10%.*
- **Keystone HMO 105** - The benefits for this program have not been changed. There are no out-of-network benefits. *The 2011 rate increase is an average of 12%.*
- **Keystone HMO Flex C3-F4** - The copays for this new program are comparable to those of the Personal Choice Flex C3-F4 plan with the restrictions of an HMO structure requiring a primary care physician serving as a "gate-keeper." There are no out-of-network benefits. *The 2011 rate increase is an average of 19%.*

Detailed plan information can be found at [www.mydiopabenefits.org](http://www.mydiopabenefits.org).

## **COPAY AND MENTAL HEALTH RIDER PROGRAM**

The Commission is modifying the CoPay rider program slightly for 2011.

- **CoPay Rider** – The annual deductible for the copay rider increases to \$500 per individual (\$1,000 per family) for claims with a 2011 service date and beyond. After meeting the copay, the program will pay 80% of all eligible copays with a Date of Service in 2011 after the deductible has been met.
- **Mental Health Rider** – The calendar year annual maximum remains at \$3,000 per person with payments for an MD and PhD up to \$100 per visit, and payments for a pastoral counselor, psychologist (master's degree) and LSW up to \$80.

**Prescription Drugs** – In 2011, there are two important considerations that need to be reviewed that were implemented in 2010:

**First, there is a \$250 deductible per person for prescriptions.** That is to say, in 2010 and thereafter, the first \$250 of the cost of prescriptions per person is not paid by FutureScripts.

**Second, all participants are required to use mail order for any maintenance medications.** Maintenance drugs include drugs that are taken regularly (every day, week or month) and include cholesterol, asthma and blood pressure medications. (Independence Blue Cross will allow the first 30 day prescription to be purchased at a local pharmacy, but all future refills will need to be purchased at FutureScript®.) Mail order prescriptions

are generally written for a 90 day supply, with 3 additional 90 days refills, for a total of 360 days.

**IMPORTANT: AN ENOLLEE WILL NOT BE REIMBURSED FOR ANY MAINTENANCE MEDICATIONS IF THEY ARE PICKED UP AT A PHARMACY AFTER THE FIRST MONTH.** *A three month mail order supply costs the same as a two month supply purchased at a local pharmacy.* Use of mail order for maintenance prescriptions represents a huge saving for both the Trust's copay rider program and you! (We recognize that certain control medications and diabetic insulin may also be exempt from mail order.) A subscriber should call the IBX or FutureScript® service number on their ID card for further information. If you have any additional questions, you should contact the Trust by emailing to [help@mydiopabenefits.org](mailto:help@mydiopabenefits.org)

**Dental** – The maximum annual dental benefit continues at \$2,500 per person for active clergy and lay employees (and each of their enrolled dependents). The benefit limit is \$2,000 for retirees and their spouses. Four cleaning per year are the foundation to this year's plan and our dental benefits continue to include a percentage of the cost of implants and crowns up to the annual maximum per person.

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The Commission is aware of the burden of trying to keep salaries current while absorbing health care and benefit increases. These challenges face every organization in the US today.

In the event you have any questions or concerns, or need clarifications, please feel free to contact any member of the Commission or our Trust Administrator, Parke Rouse, at [parke@mydiopabenefits.org](mailto:parke@mydiopabenefits.org). He will be glad to help you. We would also encourage you to visit [www.mydiopabenefits.org](http://www.mydiopabenefits.org) where you will find current information, forms, rates, benefit information and a plethora of other information.

Sincerely,



The Rev. Thomas C. Wand  
Chairperson, Committee on Benefits  
Commission on Clergy Salaries and Pensions  
Of the Episcopal Diocese of Pennsylvania



Parke Rouse  
Administrator  
Diocesan Health and Welfare Benefits Trust  
Of the Episcopal Diocese of Pennsylvania

Attachments

1. 2011 Health Care, Life and Disability Rates
2. Salary Compensation Resolution RB2011



## 2011 Rate Summary Episcopal Diocese of Pennsylvania

Category	Personal Choice Flex C3-F4-01	Keystone HMO Flex C3-F4	Keystone HMO 105
<b>All Rates include Medical, Prescription, Vision, Dental, CoPay Rider and Mental Health Rider</b>			
Single Subscriber	\$ 1,032.70	\$ 727.79	\$ 793.02
Subscriber and Child	\$ 1,613.11	\$ 1,247.67	\$ 1,372.34
Subscriber and Children	\$ 2,257.83	\$ 1,462.65	\$ 1,605.62
Subscriber and Spouse	\$ 2,343.69	\$ 1,535.30	\$ 1,686.79
Family	\$ 2,975.66	\$ 2,007.44	\$ 2,221.90
PERSONAL CHOICE FLEX C3-F4-01 -- COPAYS: \$20 Primary Care Doctor/\$40 Specialist; \$100 ER; \$40 Routine XRAY; \$80 MRI; PT \$40/Session; \$250 day up to 5 max Hosp - PRESCRIPTION: \$250ded/\$20/\$40/\$60 @ Pharmacy; Mandatory Mail Order			
KEYSTONE HMO FLEX C3-F4 -- COPAYS: \$20 Primary Care Doctor/\$40 Specialist; \$100 ER; \$40 Routine XRAY; \$80 MRI; PT \$40/Session; \$250 day up to 5 max Hosp - PRESCRIPTION: \$250ded/\$20/\$40/\$60 @ Pharmacy; Mandatory Mail Order			
KEYSTONE HMO 105 -- COPAYS: \$5 Primary Care Doctor/\$25 Specialist; \$50 ER; N/C Routine XRAY; N/C MRI; PT \$25/Session; \$100 per Hosp Admission - PRESCRIPTION: \$250ded/\$20/\$40/\$60 @ Pharmacy; Mandatory Mail Order			

### A COMMENT ON THE RATE INCREASES for 2011

In 2010, the utilization of all health plans exceeded on average the premium dollars collected by 31%. With trending for eighteen months into the future at 17.88%, our initial renewal from Independence Blue Cross averaged 29.34% for medical and 42.19% for prescriptions. By the full implemental of programs in 2011 including mandatory mail order for prescriptions and other adjustments in the copay rider plan, we have been able to contain the final rate increases for 2011 to an average of 19% for Keystone HMO Flex C3-F4, 11% for Keystone HMO 105, and 10% for Personal Choice Flex C3-F4-01.

### PLAN HIGHLIGHTS AND CHANGES IN 2011

1. There are no changes in the Medical Plans for 2011.
2. The Prescription Benefit plans remains: There is now (a) a \$250 deductible before the plan pays anything, (b) copays at \$20/\$40/\$60 for 30 day pharmacy purchases and \$40/\$80/\$120 for 90 day mail order purchases. Mail order is mandatory after 30 days for maintenance prescriptions.
3. Generic Drugs purchased OUT OF THE PLAN at Target, Walmart, Sam's Club, COSTCO, etc. under their \$4 for 30 days or \$10 (up to \$15 in certain published cases) for 90 days supply programs will be reimbursed at 200% of the amount paid.
4. Dental Benefits remain at \$2,500 per year maximum per person, with an allowance of 4 free cleanings per year.
5. The copay rider will remain at the 90% benefit level for all participants, with a \$500 per person or \$1,000 per family deductible on all plans.
6. The deductible on the copay rider plan will be waived for new enrollments to the Keystone HMO C3-F4 plan.
7. The mental health rider plan remains at \$3,000 max per person with per visit allowance of \$100 for MD/PhD and \$80 for LSW/MS.
8. In order to protect plan integrity and in accordance with General Convention 2009 resolutions concerning benefit parity, the Trust does not offer its health insurance program on a component basis.

### GROUP LIFE INSURANCE FOR 2011

This life insurance from Church Insurance Company is based on a 1x salary formula, with age banded reductions:

Active employees – to age 65	100% (1X) salary with a maximum of \$100,000 includes AD&D
Active employees – age 65-70	Reduces to 65% of Salary with a maximum of \$65,000, includes AD&D
Active employees – age 70+	Reduces to 50% of Salary with a maximum of \$50,000, includes AD&D

**Composite Rate for Group Life including ADD \$0.40 per \$1,000**

Supplemental Group Life Insurance up to \$500,000 is also available

### SHORT and LONG TERM DISABILITY FOR LAY EMPLOYEES FOR 2011

This coverage is offered through the Church Insurance Company and offers seamless Short-Term Disability and Long-Term Disability coverage after the 30th day. This coverage is administered by UNUM.

Short-term Disability (Day 30 to Day 360)	0.63%	of gross monthly salary
Long-Term Disability (Beginning after day 360)	0.67%	of gross monthly salary
<b>Total</b>	<b>1.30%</b>	<b>of gross monthly salary</b>

## ON CLERGY COMPENSATION — 2011

**BE IT RESOLVED:**

That range midpoints of cash compensation (*Note 1*) for full-time clergy with five years of Credited Service effective January 1, 2011, be:

**I. FULL-TIME CLERGY**

<b>SALARY RANGE MIDPOINTS FOR FULL-TIME CLERGY</b>			
Church Pension Fund National Size Category	DioPa Congregation Size Category (Note 2)	Residence Not Provided (Note 3)	Residence Provided (Note 3)
<b>Interns and Assistants / Associates</b>			
Transitional Deacon	0	\$53,874	\$40,355
Assistant / Associate	1	\$60,207	\$45,099
<b>Rectors, Vicars, Interims, Priests-in-Charge</b>			
Family	2	\$67,856	\$50,828
Pastoral	3	\$76,080	\$56,989
	4	\$84,304	\$63,149
Transitional	5	\$92,528	\$69,310
	6	\$100,753	\$75,470
Program	7	\$108,977	\$81,630
Resource	8	\$117,201	\$87,791

Ranges shall extend two salary categories above and below the midpoint.

It is the policy of the Diocese of Pennsylvania that the Clergy Compensation range midpoint is the appropriate salary for a competent incumbent, with of five years of credited service. Merit increases thereafter shall be added to cost-of-living increases, as warranted by periodic reviews.

Transitional Deacons use “0” as the factor for computing an initial salary. Upon ordination to the Priesthood the factor becomes “1”.

Clergy and vestries are encouraged to use the online compensation calculator at [http://www.diopa.net/compensation\\_calc](http://www.diopa.net/compensation_calc) to determine mid-point compensation, with user-specified adjustments for factors such as length of credited service.

**RESOLVED:**

**II. PART-TIME CLERGY**

That total compensation (*Note 4*) for priests who are employed part-time (other than as supply priests) shall be proportional to the total compensation for a priest holding the same position on a full-time basis.

**RESOLVED:**

**III. SUPPLY CLERGY**

That the 2011 guidelines for priests who supply or cover particular services in a congregation be as follows  
(Note 5):

<b>PER DAY CASH COMPENSATION GUIDELINES</b>		
<b>Compensation Range</b>	<b>Single Service</b>	<b>Multiple Services</b>
Minimum	\$116	\$148
Usual Range	\$131-\$218	\$164-\$273
Maximum	\$244	\$311

Mileage, paid at the current IRS rate, and/or other related expenses should be paid in addition to cash compensation.

**Explanatory Notes:**

**(Note 1)**

"Cash compensation" shall be defined as cash salary plus housing allowance plus 50% SECA. Cash compensation does **not** include reimbursement for expenses, (e.g., for automobile use or continuing education.) nor health and pension premiums.

**(Note 2)**

Compensation for a rector/vicar/interim/priest-in-charge shall be based upon the corresponding Congregational Size Category as defined by the following formulas. Parochial Reports due March 2010 shall be used for these calculations.

People Index # = (Parochial Report Page 3, Number 1 + P.R. Page 2, Number 6) divided by 2

Financial Index # = (Parochial Report Page 3, Letter E + P.R. Page 3, Number 3) divided by 2

Compare to size chart and use the higher of the two.

The table below relates Congregational Size Categories to the corresponding People and Financial Indices for 2011:

<b>CONGREGATIONAL SIZE CATEGORIES FOR CLERGY COMPENSATION</b>			
<b>National Size Category</b>	<b>Congregation Size Category</b>	<b>People Index</b>	<b>Financial Index (\$000s)</b>
Family	2	0- 84	0-189
Pastoral	3	85-110	189-236
	4	111-140	236-294
Transitional	5	141-172	294-352
	6	173-225	352-454
Program	7	226-325	454-646
Resource	8	326+	646+
<b>The Congregation Size Category is the Higher of the People and Financial Index</b>			

**(Note 3)**

The 2011 salary figures for full-time clergy have not been changed from the 2010 figures. Each vestry should designate by resolution an adequate, specific portion of cash compensation to be "housing allowance" in order to permit eligible clergy to exclude from federal taxable income any housing costs that are paid directly from gross income. (Housing costs include furnishings, mortgage payments, all utilities, and any items normally covered by rent.)

**(Note 4)**

"Total compensation" is defined as cash compensation (as defined in *Note 1*) plus provisions for pension and for health and life insurance if required in accordance with *Note 5*.

**(Note 5)**

Cash compensation for supply clergy is based on full-time compensation. It does not reflect an increase from 2010. (The table is based on the proposition that there are 263 working days per year. A congregation is obligated to pay Church Pension Fund assessments for clergy employed for three months or more and who earn \$50 or more per month, unless already on pension.

The following policy statements have been approved by previous Conventions and directed by Convention to be placed in delegate packets for their information.

**POLICY ON AUTOMOBILE AND OTHER EXPENSES**

The policy on allowances and reimbursements for work-related expenses is reaffirmed as follows:

All "business" expenses, e.g., those expenses that would normally be reimbursed in secular employment, shall be reimbursed and provided for in adequate allowances in congregation budgets.

The Internal Revenue Service generally recognizes two methods of accounting for Automobile Expenses. In Method One, which is recommended by the Commission on Clergy Salaries and Pensions, in consultation with the *Manual of Business Methods in Church Affairs*, and financial counsel to the Commission, The Rev. Canon William Geisler, CPA, appropriate automobile expenses, including mileage, tolls, parking and other related expenses are reimbursed to the clergy. Mileage is to be paid at the current IRS rate.

The older method, a monthly automobile allowance, is still permissible under IRS guidelines; however, all records of the use of Automobile Allowance, including mileage, parking, tolls and other related expenses, must be documented. At the end of each year, any automobile allowance which has been disbursed but not used, must be included by the cleric as taxable income.

In both methods, timely, documented, reimbursement requests are to be submitted by the clergy, approved by the appropriate Warden or Vestry, and kept on record by the Parish.