

ANNUAL CONFERENCE
PETITION TO THE 2006 ROCKY MOUNTAIN CONFERENCE

TITLE: HEALTH INSURANCE PROGRAMS AND FUNDING

ACTION TO BE VOTED ON:

1 It is requested of the Annual Conference that the recommendations of the Conference Board of
2 Pensions and Health Benefits concerning the health insurance plan and health insurance funding
3 for 2007 be approved.

4 **Section I – Health Insurance Provider and Participation**

5 A. The Conference will provide the HealthFlex health insurance plan in 2007.

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7 B. The anniversary date will be January 1.

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9 C. Eligibility will be established by the General Board of Pension and Health Benefits,
10 HealthFlex, and the Conference Board of Pensions and Health Benefits.

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12 D. This plan is available for all clergy serving full-time in the local church. Clergy must have
13 been in the active plan for five consecutive years immediately prior to their retirement to be
14 eligible for the retired plan. The spouse's eligibility is determined by the participant, however,
15 the spouse of a retiree who did not participate in the plan for five consecutive years prior to
16 reaching Medicare eligible age will not receive the financial benefit as outlined in Section II
17 below.

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19 E. This plan may also be available to clergy appointed beyond the local church, diaconal
20 ministers, and full time lay employees of the Rocky Mountain Annual Conference and local
21 churches, but may require the participation of the employing agency as plan sponsor and subject
22 to eligibility rules as established by the General Board of Pension and Health Benefits and
23 HealthFlex.

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25 **Section II - Participation and costs**

26 A. Every charge in the conference will be apportioned and then billed monthly for the
27 insurance cost for single coverage for every elder, deacon in full connection, local pastor, or
28 probationary member appointed full time serving that charge. This rate will be a blended rate of
29 all the plans selected by the Board and will include dental coverage. If the clergy elects a more
30 expensive plan, the charge will be billed at the higher rate and the charge and clergy will
31 determine jointly how to fund the extra cost. The payment for single coverage is mandatory for
32 all charges even if the appointed clergy elects not to participate. There is no financial impact
33 upon the conference for this coverage.

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34 B. If the active clergy serving that charge wish to buy up to a more expensive plan and/or
35 wish coverage for family members, the additional monthly costs will be billed to that charge, to
36 be paid either by the clergy or the charge. There is no financial impact upon the conference for
37 this coverage.
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39 C. If, due to Medicare D, the 2007 rates we are charged by HealthFlex remain the same as
40 2006 or go down, then retired elders, deacons, local pastors and probationary members, spouses
41 and surviving spouses of Medicare age will continue to pay the \$85 per month per individual. If,
42 however the rates increase, then the conference will pay 75% of the premium cost for the
43 Medicare HMO or Supplement coverage. If the participant is eligible for a Medicare HMO but
44 decides to buy up to a Supplement Plan, the participant will pay the full amount minus the
45 conference's Medicare HMO contribution. The health insurance premium for the retired includes
46 dental insurance if such coverage is included in the plan selected by the Conference Board. For
47 those retiring after December 31, 2003, the clergy must have served for a minimum of ten (10)
48 years of service or more to qualify for the conference support.
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50 D. For those retirees eligible to receive pensions, but not yet of Medicare age, the conference
51 will pay 25% of the cost of the base plan with 20 years of service and 50% of the cost of the base
52 plan with 35 or more years of service. Clergy retiring under the 20-year rule and not receiving
53 pension benefits yet from the General Board of Pension and Health Benefits shall be eligible to
54 remain in the conference health insurance program but shall not receive any conference funding
55 until they are of Medicare age. The spouse's eligibility is determined by the participant, however,
56 the spouse of a retiree who did not participate in the plan for five consecutive years prior to
57 retirement will not receive the financial benefit. The cost to the conference (paragraphs C and D
58 – all retirees' HealthFlex funding support) for the year is estimated to be \$1,202,000.
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60 E. For the purpose of this petition, "years of service" shall be defined as years since original
61 ordination/commissioning/licensing (if after 1981) or granting of pension credit (if ordained prior
62 to 1982). Years of leave of absence or honorable location shall not be considered as "years of
63 service."
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65 F. The conference does not pay any of the cost of lay retirees' health insurance except in the
66 case of employees of the annual conference, in which case they are treated the same as retired
67 clergy, with no benefit for the spouse. The benefit is to be paid by the employing agency.
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69 G. Health insurance for clergy (and their dependants) appointed to Incapacity Leave and
70 receiving disability benefits from the General Board of Pension and Health Benefits will be
71 provided through the selected provider and paid 100% by the conference. If the clergy wants
72 coverage different than the basic coverage in their area, the increased cost (buy up) will be paid
73 by the clergy. The cost to the conference is estimated to be \$165,500.

74 **Section III - Administration and clarification**

75 A. The conference, working with HealthFlex, will process enrollments, collect premiums,
76 reconcile funds and help to coordinate the plan.

77
78 B. The payment of the premium (paragraph II. A. above) is mandatory for all full time clergy
79 appointed to serve the local church. If a church does not or cannot pay that amount for six (6)
80 months, the Conference Board of Pensions and Health Benefits shall recommend to the bishop
81 and the cabinet that the church not receive a full-time appointment at the next annual conference
82 appointment session.

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84 C. The 2007 insurance rates and the retirees' rates will be established in the fall of 2006 by
85 the Conference Board of Pensions and Health Benefits after receipt of new premium rate
86 information from HealthFlex.

EFFECTIVE DATE: January 1, 2007

TERMINATION DATE: December 31, 2007

ORIGINATOR OF THE PETITION:

Conference Board of Pensions and Health Benefits

PERSON TO PRESENT PETITION TO CONFERENCE:

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FINANCIAL IMPACT:

Will there be any financial impact to the Conference? Yes, and the \$1,367,500 identified above is already included in the budget request.

RATIONALE: Not debatable

87 This petition identifies the health insurance program and costs for this conference, and is
88 basically the same as last year. This year's minor changes include:
89 All dates have been changed as necessary
90 Line 12 (who is eligible) has been reworded for clarity
91 Lines 29-31 (how two-party and family costs are to be paid) have been reworded for clarity
92 This year's more significant changes include:
93 Lines 39-48 have been rewritten to redefine the amount of the monthly premium paid by the
94 retired clergy and surviving spouses. If the rates charged to this conference go down (due to
95 Medicare D funding), the rates charged to the retirees would NOT go down, but would stay the

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96 same \$85 base amount. The impact of this change is that retirees would not see a rate increase for
97 a third straight year, and the conference would be able to free up their limited funds if our costs
98 go down. The total amount of savings is not, however, anticipated to be very large.
99 The conference has no money in reserve to help churches that are not able to pay the premium for
100 their clergy. The addition of lines 78-82 adds wording that allows the cabinet and the Conference
101 Board of Pension and Health Benefits to take steps to minimize the impact to the conference
102 concerning this problem.