



Oregon-Idaho Annual Conference

The United Methodist Church
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April 19, 2016

Dear Local Ministry Leaders and HealthFlex Plan Participants:

First I want to apologize for the long letter, but ask you to please read its entirety as the Conference Board of Pensions (CBOP) is writing to share some proposed changes to the annual conference health insurance offerings. These proposed changes will be presented to this year's annual conference session for consideration.

Your CBOP works hard to provide high-quality health insurance coverage for participants while also controlling costs incurred by local ministry settings. In addition, we must balance the policies of the General Board of Pensions and Health Benefits, conference rules, disciplinary rules, and Oregon and Idaho state laws.

In 2015, we saw an exponential increase in claims paid out compared to the amount paid in premiums. The amount paid in health insurance claims was one and one-half times the amount paid into health insurance premiums. Not surprisingly, in 2017 the premiums will increase by 12 percent across the two health insurance plans we currently offer. The highest claims costs have been in the PPO \$1000 deductible plan which is also has a higher premium. Through 2016, the PPO plan has been the default plan when participants do not make an election during the annual open enrollment period.

The CBOP expects to shift to a cafeteria plan in 2018 which will allow the annual conference to set a defined contribution to health benefits for local ministry settings. It will also provide participants with at least five health insurance plans from which to choose. If a participant chooses a plan that costs more than the defined contribution, the participant will pay the difference. Similarly, if a chosen plan costs less than the defined contribution, the savings will be placed in a health savings account for the participant. Because of the significant changes necessary to administer a cafeteria plan and the time required to educate local ministry settings and plan participants of this new model, the CBOP does not recommend moving to the cafeteria plan until 2018.

To address the immediate challenge of the 2017 increased premium costs, the CBOP sought the advice of an Insurance Committee which included Oregon-Idaho plan participants as well as lay representatives from local churches. The Insurance Committee recommended the following proposal for 2017, which the CBOP will be bringing to annual conference for consideration in June:

- Continue to offer the PPO \$1000 deductible plan and the Consumer Driven Health Plan, both of which have percentage co-pay pharmacy coverage.
- Make the Consumer Driven Health Plan the default plan when a participant does not make an election during the annual open enrollment period.
- Keep the local ministry setting insurance premium contribution the same as in 2016.
- Continue to charge Consumer Driven Health Plan participants \$25/month for single coverage and \$75/month for spouse/family coverage.
- Charge PPO Plan participants \$125/month for single coverage and \$175/month for spouse/family coverage.

We recognize that for some of our health insurance participants this proposed change represents a significant departure from the previously limited plan participant cost-sharing. Participant cost-sharing is a common practice in the private sector and is something the CBOP has tried to delay as long as possible. Unfortunately the CBOP is unable to delay increased cost-sharing any longer.

There will be two informational sessions at the annual conference in Salem where this proposal and the future direction of health insurance benefits will be discussed:

- Session for Plan Participants: Wednesday, June 15, 7:00-8:00 p.m. Salem, Grand Hotel, Board Room
- Laity Workshop for Local Church Leaders: Thursday, June 16, 10:00-11:30 a.m.

If you would like to learn more about the options the CBOP and Insurance Committee considered prior to proposing these recommendations, I invite you to go to www.umo.org/InsuranceFAQ to learn more. On the website there is a link to a comment form through which you can share your questions or concerns with the CBOP.

My hope that you will understand that the CBOP is made up of people like you and is always carefully trying to balance the needs of plan participants and local ministry settings in our work. Unfortunately, the costs of health care have been difficult to contain in our country, and the church is not immune to those challenges. We recognize that the situation in which we find ourselves is not desirable or sustainable. We hope that these challenges might be one catalyst that moves the annual conference into conversations about a sustainable future. The difficulty in paying health insurance costs is not separate from our effectiveness in mission and ministry throughout Oregon and Idaho. We hope you will join us in a fruitful conversation.

Thank you for your consideration.

Sincerely,
Danna Drum, Chair
Conference Board of Pensions

Belinda Denicola
Conference Treasurer/Benefits Officer