

## **CBOPHB Arrearage Policy**

### **HealthFlex Termination for Non-Payment**

#### **Upper New York Annual Conference Health Flex Termination Policy (Effective January 1, 2020)**

If the health insurance payment for a participant is not received within 60 days of the due date, notice will be sent by regular mail to the Finance Committee chairperson, Church Treasurer, Staff Parish Relations Chairperson, District Superintendent and by certified mail with return receipt requested to the pastor, declaring that if past-due payments from the pastor or the church are not received within the next 30 days, steps will be initiated to cancel the participant's coverage.

The church is responsible for payment toward the Blended Rate as well as any Section 125 plan amounts that have been withheld from the pastor's salary due to a salary reduction agreement for that purpose. After the notice has been sent on a 60-day default, and there is no response from the church or the pastor within the next 30 days in the form of payment in full or a repayment plan, the Director of HR/Benefits and Treasurer, in consultation with the UNYAC BoPHB Chair, will make a decision to terminate coverage. A certified letter will be mailed, return receipt requested, warning that termination is to take place in 15 days. Insurance will not be terminated until at least 45 days have passed after the initial notice that payment was due.

Any Medical Reimbursement Account (FSA/HRA) or family care account (DCRA) will be frozen until future payments are made. Once a pastor and his/her dependents, if any, are dropped from the plan, they can only re-enter during the open enrollment period in November, for the following year.

By the time of open enrollment for the following year, past due balances must have been paid in full by the pastor/church or a payment schedule must be provided with commitment for monthly payments for that new plan year. A signed agreement between the parties will be initiated.

The Director of HR/Benefits, Treasurer and the Conference Board will work with churches and pastors who are in default of their payments to provide a payment plan to bring them current. If after a written agreement has been executed between the church and/or pastor and the Benefits Office, and the agreed-upon payments become thirty days late, the termination of health insurance will occur immediately.

### **Church Non-Payment Only**

To deal with recovery of non-payment by churches, (this is the payment to have been made by churches for the Blended Rate cost of HealthFlex coverage for having a FT appointment), the Board recommends the following:

We encourage the Bishop and Cabinet to evaluate whether churches who consistently do not pay their benefits, can afford a full-time appointment.

### **Pastors Non-Payment Only**

To deal with recovery of non-payment by pastors for their HealthFlex coverage (this is the payment to have been made by pastors for the cost of their coverage), the Board recommends the following: At the time of retirement, retroactively five years (does not have to be the current church only), a pastor who served and was eligible and enrolled in HealthFlex, and the pastor's share was not paid in full, the Board will reduce the clergy and spousal HRA amount by the lesser of the amount owed or 50%, until such time as the conference recoups these losses. The UNYAC BoPHB will establish an appeal process for clergy who feel that the policy of a reduced HRA unfairly penalizes them.

Non-payment of the churches portion of the Blended Rate should not follow a Pastor to their new appointment (unless they directed their church not to pay it). Non-payment of the churches portion of the Blended Rate should not negatively impact a newly appointed pastor coming into the church – that pastor should work with the church to encourage them to get themselves out of arrearage status.

### **Administrative Policy**

We recommend the continuation of the following Administrative Policies for Health Benefits Program: The guidelines by which our health benefits program is administered are presented here for the sake of clarity and understanding by all:

Blended Rate—Since our health benefits plan covers all full-time clergy, our connectional responsibility requires that every church served by a full-time pastor pay the Blended Rate (whether or not the pastor is enrolled in coverage). The Blended Rate is NOT an insurance premium for the individual currently serving as the church's pastor. It is each full-time church's equal share of the total Conference premium that provides health benefits for active clergy, conference staff and their families throughout our diverse conference.

The Blended Rate is determined by taking an estimated annual cost for active pastors in full-time appointment, as well as conference staff, and dividing it by the number of clergy under full-time appointment and conference staff. The Blended Rate is calculated to include a small reserve for those clergy and churches who do not pay for their benefits.

1. Retired Clergy: Retired clergy, age 65 or above, must be enrolled with the Social Security Administration for coverage under Medicare, Part A and Part B, before they can be enrolled in the Via Benefits network.

#### 2. Surviving Spouse of Clergy:

Surviving spouse/dependent(s) younger than age 60, remains on coverage for up to six months \*(no change to billing/coverage/cost). After six months, s/he loses coverage. S/he must keep minimum essential coverage; basic health care coverage that meets the Affordable Care Act requirement by either enrolling in health insurance through an employer; Use Medicaid; Use a plan offered through the Health Insurance Marketplace.

Surviving spouse between age 60-65. Survivor remains on coverage for up to 5 years (when they can obtain Medicare) with a tiered structure. The first six months there is no change to billing/coverage/cost. For the remaining period (until age 65), s/he has the option to stay on coverage but must pay for ½ of the premium. Once they reach age 65, they transition to retiree (survivor)

status and are offered the services of Via benefits and the qualified HRA funding based on their deceased spouse's years of service. S/he would be responsible for getting Medicare parts A&B established. S/he would be responsible for applicable Part B coverage cost(s).

Surviving spouses and dependents of persons actively serving in a local church or conference staff position and enrolled in the HealthFlex program may continue to be enrolled in the program for five years before retirement age (age 65). No premium will be billed for six months. After the first 6 months, the surviving spouse will be billed a premium based on the clergy person's years of service, age at death, and the actual premium for coverage chosen, using the retiree calculation. If the surviving spouse opts out of the program, they may not re-enroll at a future date. A surviving spouse age 65 or over whose primary coverage is Medicare will be offered the services of Via Benefits and the qualified HRA funding based on their deceased spouse's years of service.

**Note:** If the surviving spouse/dependent is younger than age 60, we will only provide fully funded coverage for 6 months. After that, there is no coverage under the Conference Plan.

3. Retiree Eligibility: A retired participant eligible for the Via Benefits program is defined as a former active participant in the conference's Health Benefit Plan with at least five years of continuous coverage at the time of retirement, and whose primary coverage at retirement is through Medicare Part A and Part B. A formula based on years of service will be implemented to fund the HRA at a percentage of full funding for those who have less than 20 years of service.

4. Clergy Who Retire Before the Age of 65: Clergy who retire before the age of 65 must continue, at their calculated retiree expense, their coverage in HealthFlex as if active until their 65th birthday. The retiree calculation of their personal share of the premium is based on the clergy person's years of service, age at retirement, and the actual premium for coverage chosen. If such early-retired clergy choose not to continue in the conference HealthFlex program they will not qualify for Via Benefits and a potential HRA when they are Medicare eligible.

5. Retired Clergy with Spouse Younger than Age 65: A retired clergy member with a spouse younger than age 65 or an eligible dependent, may have the spouse or dependent covered in the active HealthFlex plan at his or her own personal retiree calculated expense. The retiree calculation of their personal share of the premium is based on the clergy person's years of service, age at retirement, and the actual premium for coverage chosen. Eligibility for coverage in Via Benefits when the spouse reaches age 65 requires at least five years of continuous coverage in the conference active plan before age 65.

6. Pastor going out on CPP – Cost of spouse and dependent coverage will be tiered. Year 1, the Conference pays premiums at 100%. Year 2, the clergyperson pays 25% of the premium. Year 3, the clergyperson pays 50% of the premium. Year 4 the clergyperson pays 75% and Year 5 the clergy person pays 100%. After year five, spouse/dependent coverage is no longer available through the Conference health plans.