

## Denominational Health Plan 2021 Annual Report

Since its inception, the *Denominational Health Plan (DHP)* has offered valuable healthcare coverage to members, while the *Episcopal Church Medical Trust (Medical Trust)* delivered on its responsibilities to manage overall healthcare costs, work with The Episcopal Church to achieve parity in cost sharing between clergy and lay employees, and reduce healthcare premium disparity among dioceses. While the DHP continues to meet its objectives, the Medical Trust recognizes that healthcare can create financial burdens and remains focused on addressing costs.

The Medical Trust continues to provide broad access to high-quality benefits and consistent service, balancing compassionate benefits with financial stewardship for the Church.

### Background

The General Convention of The Episcopal Church passed Resolution A177 in 2009, followed by Resolution B026 in 2012, requesting that the Medical Trust administer a national healthcare plan and provide an annual status. These resolutions

- established the DHP for all domestic dioceses, parishes, missions, and other ecclesiastical organizations or bodies subject to the authority of this church, covering clergy and lay employees who are scheduled to work a minimum of 1,500 hours annually;
- provide parity in cost sharing between clergy and lay employees; and
- requested that the Medical Trust continue to reduce the disparity of health care premiums among dioceses.

In addition, Resolution 2018-C023 requests that the Medical Trust strive to make available at least two national health insurance carriers in each diocese.

### Value of the DHP

The DHP provides features that are not typically offered in most US corporate plans or state-based healthcare exchanges:

- **Meaningful choice** – The DHP allows dioceses greater flexibility in choosing options from the array offered by the Medical Trust. This includes a mix of platinum, gold, and silver plans; and a choice between two pharmacy plan designs.
- **Comprehensive benefits** – In addition to comprehensive medical and pharmacy benefits, the DHP includes an Employee Assistance Plan (EAP), along with vision, hearing aid, travel medical assistance, health advocacy, and optional dental plans.
- **Broad, comprehensive networks** – The DHP continues to offer plans with broad, comprehensive national networks (Anthem and Cigna), plus a regional plan (Kaiser). Other US employers, and certainly state-based exchanges, offer smaller provider networks with much tighter contracts and greater utilization management. Although these plans are lower in premium cost, there is a meaningful tradeoff in participant choice, access, and benefits.

## COVID-19 Response and Outlook

The effects of COVID-19 continued to have a major impact on US healthcare and the DHP. In 2021, the Medical Trust paid \$6.7 million in COVID-19 claims.<sup>1</sup>

For 2022, the Medical Trust expects to continue to have significant costs, although slightly lower, for COVID-19 claims, as well as costs for ongoing COVID-19 testing and vaccinations (including boosters for variants and reduced immunity over time) and acute and chronic “long COVID” treatment. In addition, services that were postponed due to lockdowns in 2020 were deferred to 2021 and may rebound in higher claims in 2022. Members who neglected care also may have unmanaged chronic conditions that worsened during that time, resulting in higher costs for care.

The Medical Trust will continue to waive the following member out-of-pocket costs through at least December 31, 2022:

- copayments, deductibles, and in-network coinsurance for the treatment of COVID-19; and
- copayments, deductibles, and coinsurance for covered services received via carrier telehealth platforms.

In addition, the Medical Trust removed plan exclusions to allow virtual visits with members’ personal healthcare providers to be covered at the usual in-person office visit cost share.

## Controlling Health Care Costs

The Medical Trust recognizes that healthcare can create financial burdens and remains committed to providing the lowest possible premiums while maintaining competitive coverage for its members.

**Premium increases continue to be on the lower end of annual national trends.** In 2021, the Medical Trust delivered an annual increase of 5.4% compared to an estimated national trend of 4% to 10%.<sup>2</sup> This is especially noteworthy because DHP claim costs were 21% higher than the average US employer. These higher claim costs are driven by two main factors:

- **Older population** – The average age of employees covered by the DHP is 53<sup>3</sup> compared to 42 across the broader US population. Older members are more likely to utilize healthcare services, including treatment for chronic conditions, leading to higher claims costs.
- **Richer plans** – As US employers generally shift to coverage with higher member out-of-pocket costs, 80% of DHP members are enrolled in our richest plans, which feature the lowest member out-of-pocket cost share.

Since the DHP’s inception, annual average cost increases have ranged from 4% to 6%, versus 7% to 9% for other large employers during the same period. This resulted in accumulated savings of 45% (\$80 million to \$90 million) over the past 10 years.

---

Despite higher claims costs, the Medical Trust’s efforts to manage overall costs and mitigate annual increases has kept DHP premium increases on the lower end of national trends.

---

**Lower administrative costs.** In 2021, 94% of premiums collected went toward paying claims, and the remaining premium went toward fixed administrative costs to health plans (access to national networks, claims processing, member service, etc.) and internal operations (plan sponsor and administrative responsibilities, billing and collections, call center, etc.). The DHP allows the Church to provide healthcare to clergy and lay employees similarly to US corporate employers by removing added costs (state premium taxes, commission fees, and risk/profit margin) for the Church.

**Lower premiums compared to state-based individual exchanges.** In 2021, overall Medical Trust premiums were about 14% lower than average premiums for similar plans (i.e., broad network access and out-of-network benefit option) available on the exchanges for a similar demographic and geographic profile. It is important to note that most plans offered on the exchanges have narrow networks and in-network only options, which reduces costs by restricting access to a select number of physicians and hospitals. Compared with these more restrictive plans, 2021 Medical Trust premiums were still 2% lower on average for more robust coverage.

**Economies of scale help contain costs.** The DHP aggregates the purchasing power of Episcopal employers, which lowers overall healthcare rates for participating groups. In 2021, the DHP improved on its ability to bargain for the Church by maintaining 13,000 active clergy and lay employees in its healthcare plans.

**Consultations with CPG professionals guide benefits administration.** Since 2014, all domestic dioceses participate in the DHP and receive support from the Medical Trust for annual benefits planning and strategies to achieve parity in funding healthcare benefits for clergy and lay employees.

**Multiple cost-saving initiatives.** Over the course of the DHP, The Medical Trust implemented various measures to maintain low annual increases without raising out-of-pocket costs and/or watering down access or care for members, including:

- continued participation in prescription drug purchasing coalition with other denominations;
- implementation of the SaveonSP manufacturer copay assistance program;
- implementation and promotion of the Medicare Secondary Payer Small Employer Exception Plans;
- requiring appropriate utilization management to ensure optimal outcomes and use of evidence-based treatments; and
- partnering with another denomination on a Request for Proposal for an Employee Assistance Plan (EAP) vendor, which resulted in lower costs and enhanced service.

## Reducing Cost Disparity

Resolution 2012-B026 reaffirmed the Denominational Health Plan and encouraged the Medical Trust to explore alternative strategies to arrive at a more equitable sharing of health care premium costs across the Church.

The DHP works to minimize cost disparities among dioceses. For example, without the DHP, geographic and demographic factors alone would result in a much wider cost disparity between dioceses, with many dioceses likely experiencing increases as high as 40% or above current average rates.

Analysis by an external consultant confirmed that the Medical Trust, given the age, gender, family size, geography, and plan value, is 3% more efficient compared to the marketplace, resulting in almost \$6 million in annual savings to the Church.<sup>4</sup> While Resolution B026 limits our ability to be as competitive in all dioceses and the Medical Trust may not be the least expensive plan for every diocese, the resolution achieves its intent by enabling the delivery of quality healthcare to those dioceses that have fewer options.

For 2021, disparity in healthcare costs between the highest-priced and lowest-priced dioceses remained relatively flat:

- For the same plans, a steady 74% of dioceses fall between approximately 10% above or below the average Medical Trust rates (no change over 2020 or 2021). The Medical Trust strives to keep most dioceses within this range.

- Rates paid by 26% of dioceses fall 10% or more below the average Medical Trust rate for the same plans (up by 1%). This is mostly driven by the need to remain competitive with local market premiums in those dioceses as well as member demographics, geographic cost of healthcare, and claims history.

## Fund for Medical Assistance for Non-Domestic Dioceses

In 2021, The Church Pension Fund granted a total of \$49,000 from the Fund for Medical Assistance to pay for healthcare expenses not covered by public or private insurance for eligible participants in non-domestic dioceses. These grants provide greater financial security to protect the health of those who receive them

## The Way Forward

In addition to its ongoing efforts to contain costs, the Medical Trust is exploring opportunities over the next two years that could improve member benefits and/or further manage costs:

### Healthcare Navigator

Poor healthcare decisions can lead to higher costs and be detrimental to the health and well-being of members. A navigator serves as a single point of contact for members and makes it easier for them to overcome barriers, engage more effectively with providers, and experience better health outcomes.

### Medical Channel Management

Medical Channel Management helps contain expensive specialty pharmaceutical costs by covering clinically appropriate specialty drugs from the pharmacy benefit only (versus medical). Nearly half of all specialty drugs are billed through the medical benefit where controls are typically lacking or are not as complete and precise as the pharmacy benefit. Mandating that specialty drugs be covered under the pharmacy benefit helps minimize inefficient spending practices, maximize site of care, and provide rebates not otherwise available.

### Pharmacy Benefit Market Check

As part of the purchasing coalition of the [Church Benefits Association](#), an organization dedicated to best practices at denominational boards and benefit plans, the Medical Trust performs market checks of comparable pharmacy benefit management services against the pricing terms of its current contract with Express Scripts, Inc. This allows the Medical Trust and its coalition partners to analyze the value of our current arrangement and negotiate better pricing terms when appropriate.

### High Performance Networks

High performance networks deliver high-quality, efficient care that typically results in lower costs. The Medical Trust's national carriers offer high performance networks that could replace the existing broad network of providers in particular markets to steer members to a narrower network of quality providers.

### Plan Improvements for Musculoskeletal Health

One of the top Medical Trust claim costs is treatment of musculoskeletal conditions. The Medical Trust is exploring the following approaches to help reduce costs and increase quality care:

- **Hinge Health** – convenient digital solutions for musculoskeletal pain or injuries. Members have access to a personal care team, including physical therapists and health coaches, virtual physical therapy sessions, and wearable technology that gives live feedback and tailors exercise recommendations to the member's individualized care plan.

- **Mandatory Second Opinion** – requires medical expert review for proposed back, knee, or hip surgeries as part of the health plan’s prior authorization process. Requiring a second opinion for major medical treatments and costly surgeries can help ensure better patient outcomes and control costs.

### **Prescription Drug Design Changes**

The Medical Trust is analyzing its prescription drug plan designs to address the impact of cost share erosion due to fixed copays. Elements of the prescription drug plan design under consideration include coinsurance-based plans, increased copays for copay-based plans, and adding a cost sharing tier for specialty drugs.

### **Identifying Social Determinants of Health**

The US Department of Health and Human Services<sup>5</sup> defines social determinants of health (SDOH) as “conditions in the environments where people are born, live, work, play, worship and age that can affect a wide range of health, functioning and quality-of-life outcomes and risks.” Employees negatively impacted by SDOH are more likely to suffer complications from chronic conditions, such as diabetes and cardiovascular disease, because they have less access to ongoing care management. These employees are more likely to end up in the emergency department with severe symptoms that often lead to expensive hospitalizations. The Medical Trust is committed to examining the SDOH that influence our population’s health to identify ways we can help employees achieve positive outcomes.

## **In Summary**

The outlook for the DHP remains positive. The DHP continues to provide valuable benefits with a broad array of nationwide networks at a cost that is difficult to match elsewhere for the level of benefits our members receive.

We continue to monitor the environment and trends, including COVID-19, inflation and supply chain issues, and their potential impact on healthcare costs. Our focus remains on cost-effective, comprehensive health benefits and compliance with applicable laws and best business practices, while improving member engagement and health outcomes.

1. Does not include COVID-19 claims paid by government or public health entities.

2. Custom comparison includes companies from Charities and Non-Profit, Higher Education sectors.

3. As of May 31, 2021

4. Custom comparison includes companies from Charities and Non-Profit, Higher Education sectors.

5. <https://health.gov/healthypeople/priority-areas/social-determinants-health>



### Affordable Healthcare

- Medical Trust helps ensure that contributions are sufficient to fund health claims
- Closely watches industry trends to control costs
- Medical Trust plans avoid commissions, fees, other costs
- 94% of every premium dollar is used to pay healthcare claims
- Episcopal employers are relieved of many administrative burdens
- Overall Church savings = ~10%



### Comprehensive Coverage

- Medical, behavioral health, pharmacy, vision, dental, hearing
- Tailored packages, portable plans, broad access to healthcare providers
- Range of pricing options (platinum, gold, silver plans)
- Variety of rate tiers (single, family, etc.)



### Robust Cost Containment

- Average age in DHP is 53\* vs. 42 national average
- Despite demographics, costs are lower than expected
- Medical Trust average rate increases: single-digit range
- Below-market increases amid benefit enhancements
- Continued reduction in healthcare cost disparity between highest- and lowest-priced dioceses

*\*As of May 31, 2021*