GA-1916

Christian Church Healthcare Benefit Trust
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Report to the 2019 General Assembly

The 1971 Louisville General Assembly called for the creation of a churchwide healthcare program with the Pension Fund of the Christian Church serving as Trustee. Upon is inception, the program was available to pastors in 17 regions that did not offer group healthcare. Additionally, the resolution was seeking a churchwide plan that would exclude pre-existing conditions for pastors moving across state lines, create equity in the cost of premiums, and provide for consistent coverage.

When the active program was deemed insolvent and closed in 2016, there were two questions to be answered.

First: were the retirees subsidizing the active clergy?

At the closure of the active plan, churchwide healthcare was almost $2 million in debt. Pension Fund's Board of Directors voted to use unrestricted funds from Ministerial Relief and Assistance (MRA) to pay off the debt. The board and staff believed that resolving the burden of this debt was consistent with the intent of MRA and that it was unethical to pass the debt along to retirees in the form of higher premiums. The Trust was then able to function solely on its own merits of income vs. claims. The Medicare plans are solvent. The reserve is almost to the appropriate level for a plan of its size. The answer to the question is, yes, the retirees were subsidizing the active plan at over $1.5MM per year.

Second: would people continue to enroll if they were not transferring from the active plan to the Medicare plan?

Without the active plan and members wanting to maintain their current network of doctors and benefits, plan enrollments are almost non-existent. Therefore, the answer is, no, given the number of local networks and plans available as supplemental plans to Medicare, there is not a market demand for the Medicare program. As such, the Trustees, on advice and counsel of our medical consulting firm and in conversation with the Administrative Committee of the General Board, voted in November 2018 to close the plan to new enrollments effective Jan. 1, 2019.

The current actuarial life expectancy of the plan is 2035, meaning that the final person remaining in the program is expected to be deceased at that time. The goal is to build the reserve to a level sufficient to cover the fixed costs of the plan and medical claims, providing coverage as long as we have members. The challenges of keeping the plan solvent continue to increase the longer the plan remains open. Our goal is to care for every member without asking them to switch plans, doctors, and networks late in life — while maintaining premiums at a reasonable level.

At the closure of the plan, Pension Fund will invest the remaining assets of the trust into improving the spiritual and physical health of clergy through Ministerial Relief and Assistance programming, and into repaying the program for all or part of the $2 million from MRA.

In 2017, the Trust attempted to create a program in which clergy would encourage their colleagues to participate in regionally-based “healthcare zones” facilitated by the Trust. These zones had to be a fully insured product, as there are no church-owned assets to back up the claims beyond premiums. Unfortunately, underwriting revealed premiums would exceed the community rating premiums of the Exchange by 300%. A family of four would have faced an annual premium of $45,000 or more.

Before we can provide another sustainable church-wide healthcare plan, the Church must expand its investment beyond just the spiritual health of our clergy; it must invest in their physical and mental health as well.

Recommended Action

The General Board receives this report from the Christian Church Healthcare Benefit Trust and forwards it to the 2019 General Assembly for consideration and discussion.