



Western North Carolina Annual Conference The United Methodist Church

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To: Church Leadership and Clergy Participants

Fr: Health Benefits Committee of the Board of Pension and Health Benefits

2010 Health Benefit Rates and Comment

At the Health Benefit Committee meeting on June 22 it was determined that again this year we must have an increase in rates for both the Active and Retiree Health Plans. The Active Plan increases are caused by continuing increased claims costs and usage by the participants. The increase in the Retirees Health Plan is primarily caused by a significant reduction in support by two endowment funds who support this plan and who have seen their asset values greatly reduced during this economic downturn.

REMEMBER THAT THESE PLANS ARE SELF INSURED BY THE CONFERENCE AND THERE IS NO INSURANCE COMPANY INVOLVED IN THE RATE SETTING PROCESS. PRIMARY PHYSICIANCARE IS SIMPLY OUR CLAIMS ADMINSTRATOR AND RATES ARE BASED UPON THE ACTUAL USAGE OF THE PLAN BY CONFERENCE MEMBERS AND THEIR DEPENDENTS.

THE ACTIVE PLAN - During the last 12 months claims costs paid by the Active Plan have increased by more than \$890,000 to push total claims paid for the year to \$10,568,374. The estimated total cost of operating and paying claims in the plans for 2010 is \$12,090,651 and our rates are set based upon this figure. Looking into the future we are hopeful that the Clergy Health Initiative funded by the Duke Endowment will help all of our Conference members and dependents to improve their overall health, thus helping to level off our overall claims cost. It is important for everyone to cooperate with this Health Initiative for their health and the health of our Conference.

There are two changes in the Active Plan this year. Virtually every Health Benefit Plan offers four rate tiers. This year we have added a fourth tier by separating the 'Spouse or Child' rate tier into two tiers, one for Spouse and one for Child(ren). Also, clergy participants will be required to contribute a small portion of the cost of their insurance based upon their salary level. Invoices will be sent from the conference to the clergy for this portion of their health benefit.

THE RETIREE PLAN - During the last few months of 2008 the two endowments (Cole Foundation and Clodfelter Endowment) which contribute to the reduced cost of the Retiree Plan have experienced serious declines in their asset values. They have had to reduce their grants by over \$100,000 from the previous levels. Thus, participants will have to contribute more in the coming year to make up for this lost revenue and to cover the annual increase in health costs. However, the Conference Retiree Security Supplement Fund established this year has been able to maintain its asset value and will still contribute \$250,000 in 2010 towards the Retiree Plan. Hopefully, when the Cole and Clodfelter endowments regain their lost asset value, they will be able to return to their previous contribution levels and once again make significant cost reducing grants in the years ahead.

HEALTH BENEFITS RATES for 2010

The Health Benefits Committee of the Conference Board of Pension has met and set the Rate Table for 2010. Please distribute this information for churches and pastors to use in planning for next year.

Active Plan

<u>Contributor</u>	<u>Monthly</u>	<u>Annually</u>
<u>Church</u>	\$875	\$10,500
<u>Pastor</u>		
For Spouse	\$630	\$7,560
For Child (ren)	\$605	\$7,260
For Family	\$925	\$11,100

Beginning in 2010, eligible clergy will begin to share in the contribution for health benefits. The table of contributions required by clergy follows:

Salary	Range	Rate	Monthly	Annually
<40,000	49,999	1%	\$8.75	\$105
50,000	59,999	2%	\$17.50	\$210
60,000	69,999	3%	\$26.25	\$315
70,000	79,999	4%	\$35.00	\$420
80,000	89,999	5%	\$43.75	\$525
90,000	99,999	6%	\$52.50	\$630
100,000	109,999	7%	\$61.25	\$735
110,000	119,999	8%	\$70.00	\$840
120,000	129,999	9%	\$78.75	\$945
130,000	139,999	10%	\$87.50	\$1,050
140,000	149,999	11%	\$96.25	\$1,155
150,000	159,999	12%	\$105.00	\$1,260
160,000	169,999	13%	\$113.75	\$1,365
170,000	179,999	14%	\$122.50	\$1,470

Retiree Plan

<u>Contributor</u>	<u>Monthly</u>	<u>Annually</u>
Without Medicare (<65)	\$875	\$10,500
Medicare prior to 01/01/2003	\$ 87	\$ 1,044
Retiree >65 after 01/01/2003		
With less than 10 years of service	\$ 145	\$1,740
With 11 years to 49 years of service	\$144 - \$ 88	\$1,723-\$1,061

This range is from 99% of the premium to 61% of the premium based on years of service in Western North Carolina Conference. The Medicare Supplement premium is \$1,740. Retiree prior to 01/01/2003 is 60% of the premium. This is due to the action of the 2002 Annual Conference basing the premium on years of service.