

# Benefits Bulletin

Volume 7, #1

To Inform and Educate Archdiocesan Leadership



## Benefit Changes Planned for July 1, 2015

*In light of the changing healthcare landscape in the United States, employers are facing a critical point in providing employees with healthcare coverage. The Archdiocese is no different than other employers facing this situation. As a matter of fact, to some extent we face a bigger challenge, which will be explained more a little later in this Bulletin. To meet this challenge, we've chosen to make some changes to our healthcare benefits to ensure we can continue to offer coverage to benefit-eligible employees, while curbing the rate of healthcare cost increases for Archdiocesan employers. In addition, we are expanding our benefit options so employees can make some choices and exert more control over their benefits.*

*As you can see in our graphic image above, our benefits philosophy is one of shared responsibility and stewardship of our benefit plans. In keeping with these values, we have four goals in making these changes:*

- 1. Curb the rate of healthcare cost increases for Archdiocesan employers*
- 2. Offer new types of benefit options to give employees more tools to manage their healthcare and benefits*
- 3. Allow the Archdiocese to meet regulatory requirements*
- 4. Minimize potential taxes on the healthcare plans.*

*We want to encourage employees to become active participants in their healthcare and benefits – and to think of themselves as stewards of this important resource. The only way to change the escalating healthcare costs spiral is to involve the users of healthcare services. Without this perspective shift, we may not be able to continue to provide healthcare coverage to benefit-eligible employees. This is a massive change in mindset and we know it will take time. The changes are major steps in beginning the mental shift, but together we can make a difference for our shared future.*

*The changes will take effect July 1, 2015. We will begin informing employees this month so they can take advantage of the educational resources and assistance that will be offered between now and May to help them make informed choices for the upcoming year.*

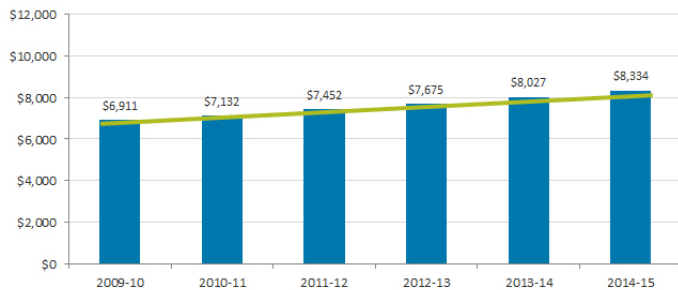
*Thank you,  
Geraldyn Mirante-Marley, CEBS  
Benefits Services Director*

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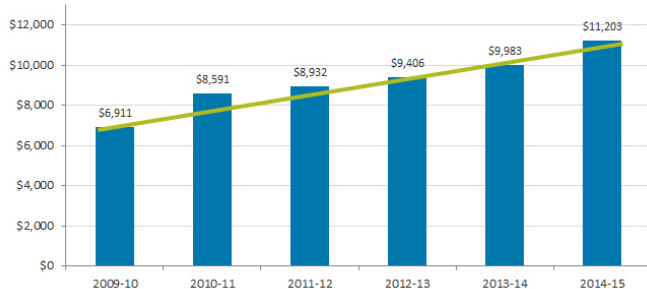
# The Healthcare Landscape Today

National Average - 21% Cost Increase



While over the last five years general inflation has increased about 2% per year, medical and prescription drug costs have increased at a significantly higher pace. Nationwide medical and prescription drug coverage costs have increased by 21%.

Archdiocese of Seattle – 62% Cost Increase



And those are national averages. Because of the Archdiocese's demographic profile, our cost increases are higher than average. Over the last five years our medical and prescription drug costs have increased by 62% – and our parishes, schools and agencies cannot continue to fund such increases.

## Demographics Impact Benefits Usage

One of the primary drivers of premium costs is how much we all use the benefits. The usage is related to our demographics.

Older people get more medical care than younger people; women get more medical care than men. Because we're an organization with a majority of older than average women, we use more than average medical care, which isn't a bad thing – that's why we have the plan. You can have the exact same set of benefits for a group of middle-aged teachers that you also have for a group of young software engineers, and the teachers' premiums might cost twice as much as the engineers'.

## The Healthcare Landscape Tomorrow

The Affordable Care Act (ACA) levies several taxes on healthcare plans. Some we are already paying, and there is a new – and potentially very large – tax on the horizon. Unless there is a change in the law, we are facing a possible 40% of premium excise tax (the "Cadillac tax") on our medical plan premiums starting in 2018.

The Benefits Services Office is working to make medical plan options available that will avoid or minimize the excise tax, and assist our parishes, schools and agencies in the stewardship of their financial resources.

## We Are In This Together

We know that your employees are your most important asset and that the important mission of our parishes, schools and agencies could not be carried out without their dedicated service. We understand that these benefit changes will cause stress and anxiety for some employees and they will be turning to you for answers that you may not have. Please assure your employees that these changes are necessary for the common good of all Archdiocesan employees and employers as a whole, and that further information will be shared as soon as it is available.

# Benefit Changes & Additional Benefit Options

Here is an overview of the plan changes that will take place starting July 1, 2015.

## Benefits Eligibility Change

**Only employees working 30 or more hours per week will be eligible for healthcare and insurance benefits.**

- Employees who work fewer than 30 hours a week will be covered through June 30, 2015, giving them nearly six months to arrange for other coverage to start on July 1.
- Pension Plan participation will continue for those working 1,000 or more hours per year.
- Eligibility for 403(b) Plan participation will continue regardless of the number of hours worked.

To determine eligibility for benefits, each year in early April we will average the number of hours each employee worked during the previous 12-month period.

### Options for other coverage include (but are not limited to):

- **Medicare** (if over 65)
- Coverage through their **spouse's employer** healthcare plan
- **The state health insurance marketplace** (if under 65)  
Washington state health exchange ([www.WAHealthPlanFinder.org](http://www.WAHealthPlanFinder.org)) or the federal health insurance marketplace for those who live in Oregon ([www.Healthcare.gov](http://www.Healthcare.gov)). With these plans:
  - Lower-paid employees might be eligible for premium subsidies through the state healthcare marketplace
  - Employee coverage will no longer disqualify family members from premium subsidy eligibility
- **Private coverage** purchased directly from an insurance company (Group Health, Premera, Regence, etc.). For employees not eligible for tax credits or premium subsidies on the exchange, this might be a better option.

The benefit eligibility-hours change may cause some employers to look at staffing structures and alignment of job duties. The Office of Human Resources will be available to assist employers in this regard.

For assistance contact:

Denise Aubuchon at 206-382-4522  
[denise.aubuchon@seattlearch.org](mailto:denise.aubuchon@seattlearch.org)  
or

Matt Boswell at 206-264-2083  
([matt.boswell@seattlearch.org](mailto:matt.boswell@seattlearch.org)).

**The Benefits Services Office will provide information and assistance to help these employees find other coverage.**

**We will provide each location a list of those employees we expect to lose coverage due to the change in eligibility.**

## Consumer Driven Health Plans (CDHP)

We will be offering benefit-eligible employees lower-cost Consumer Driven Health Plan (CDHP) options. CDHPs are similar to our current Christian Brothers PPO plan, except that they have higher deductibles which results in lower premiums. Recommended preventive services are covered at 100% without a deductible, as long as the services are received from network providers.

- We will offer consumer driven health plans from Christian Brothers, Group Health and Kaiser, allowing employees to choose a consumer driven health plan and keep their current doctors.
- Employers will pay 100% of the CDHP employee premium; employees will continue to pay for their dependent's coverage, but the premiums will be lower.
- The current Christian Brothers and Group Health Lower Premium Plans will be discontinued July 1, 2015.
- CDHPs have historically had slower premium increases than traditional PPO and HMO plans (like our current Christian Brothers, Group Health and Kaiser plans), which will help Archdiocesan employer's budgets now and into the future.

### Employees Won't Be Required To Switch To A CDHP

Employees will have the option to keep their current (standard) Christian Brothers PPO, Group Health HMO and Kaiser HMO plans, but starting July 1, 2015, employees electing these options will pay the difference between the employee-only premium for the CDHP and the standard plan.

## Health Savings Accounts (HSA)

Health Savings Accounts (HSAs) are like a healthcare 403(b) plan for employees covered by a CDHP. Employees and employers can make pretax contributions to the employees' HSAs, which can then be used to pay for IRS-approved out-of-pocket healthcare expenses, including deductibles, copayments and coinsurance.

To encourage employees to switch to a CDHP, employers will contribute to CDHP-enrolled employee's HSA in 2015-2016 – the amount depends on whether employees are covering dependents.

### Like a 403(b) plan, with the HSA:

- Employees can make contributions to their health savings accounts with pretax dollars.
- The money is not taxed when it is taken out if it is used for qualified medical expenses.
- The balance is 100% vested and belongs to the employee. When leaving Archdiocesan employment, employees can take their health savings account with them.
- If the account balance is over \$1,000, employees may invest the money, like they do with a 403(b) Plan account.

Deductible + Coverage Tier	HSA Contribution
\$1,500 – Employee only	\$750
\$3,000 – Employee + spouse – Employee + child(ren) – Employee + family	\$1,500

# Flexible Spending Accounts (FSA)

We will also be offering Flexible Spending Accounts (FSAs).

- The money an employee contributes comes straight from a paycheck and is not taxed.
- When employees use their FSA funds to pay for eligible out-of-pocket healthcare expenses and dependent care expenses that make it possible to work, employees save about the same percentage as their tax rate.

## Why Offer Both an HSA and FSA?

Because of benefit regulations, some employees will not be able to participate in an HSA. Therefore, we’re also offering an FSA so that all benefit-eligible employees have an opportunity to participate in a plan that can reduce their out-of-pocket healthcare expenses.

Flexible Spending Accounts		
Dependent Care Flexible Spending Account	Health Care Flexible Spending Account	
	General Purpose Healthcare FSA	Limited Purpose Healthcare FSA
We will be offering two types of healthcare flexible spending account plans:	General Purpose Healthcare FSA	Limited Purpose Healthcare FSA
	<ul style="list-style-type: none"><li>• Not eligible for an HSA</li><li>• Covers eligible out-of-pocket expenses for:<ul style="list-style-type: none"><li>- Medical/Rx</li><li>- Dental and vision</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Enrolled in CDHP and HSA</li><li>• Covers eligible out-of-pocket expenses for:<ul style="list-style-type: none"><li>- Dental and vision</li></ul></li></ul>

Employers will contribute \$500 to the general purpose FSAs of employees with a CDHP who are not eligible for the HSA. (\$500 is the maximum allowed by law.)

## Critical Illness Plan

Critical illness plans provide an additional layer of protection by paying a cash benefit if you get cancer or have a heart attack or stroke. This optional plan will be offered to benefit-eligible employees at lower-cost group rates.

## Wellness Plan

Finally, while our Wellness Program is not new, we will continue to stress the benefits of being mindful about maintaining a healthy lifestyle and being a steward of your health and healthcare.

Work in Progress

The benefit plans for 2015-2016 are still evolving. We will get updated information out as soon as it is available.

# Education – A Key Element

To assist leadership and employees with understanding the changes, we will provide educational resources starting in February and lasting through April. These include:

- An announcement video and memo mailed to employees
- Newsletters with more detail about the changes and coverage options
- Print materials – Such as FAQs and vendor provided summaries, posted on the:
  - Benefits Administrators SharePoint site at [www.seattlearchbenefits.org](http://www.seattlearchbenefits.org)
  - HRIT site at [www.SeattleArchBenefits.HRInTouch.com](http://www.SeattleArchBenefits.HRInTouch.com)
  - Ultipro portal at <https://n22.ultipro.com>
  - Office of Catholic Schools website
- WebEx-type presentations and live presentations (on a regional basis)

Because of your leadership position in the Archdiocese, it’s likely you will be asked about the changes and new benefit options. Please take advantage of the educational resources so when asked, you can provide accurate answers.

## Key Dates

Late January	Newsletter for employees working fewer than 30 hours per week
Early February	Newsletter for employees working 30 or more hours per week
February – April	WebEx and regional presentations to leadership about benefit changes and new benefit options
May 1 – May 15	Open enrollment
July 1	Benefit changes take effect