

To: Parish Administrators and Treasurers

From: Michael Kerr, Treasurer

Date: October 24, 2007

Re: Diocesan Health and Dental Insurance Plans/Rates for 2008

An extension of our existing contract has been reached with Anthem Blue Cross/Blue Shield to continue to provide the health and dental insurance programs for the Diocese of Virginia, to be effective **January 1, 2008**. The plan designs have only a slight change from the past several years and that is due to a global carrier adjustment in inpatient per diem co-pays. Beyond this, the plan designs remain the same.

The plan options and the monthly rates for 2008 will be as follows:

| Coverage Level | POS | HMO1 | HMO2 | Dental | PPO |
|-------------------|---------|---------|-------|--------|---------|
| Single | \$395 | \$360 | \$305 | \$27 | \$410 |
| Parent + Child | \$730 | \$675 | \$570 | \$55 | \$770 |
| Parent + Children | \$730 | \$675 | \$570 | \$85 | \$770 |
| Couple | \$800 | \$735 | \$625 | \$55 | \$840 |
| Family | \$1,240 | \$1,150 | \$970 | \$85 | \$1,310 |

In terms of premium adjustment, the underwriting increase in health insurance renewal premiums will be a very modest **+2.54%**, on average, across the different plans. When I had started this work with Anthem in late June and into early August, our underwriting work estimated an increase of over 22%. Additional sessions with Anthem representatives lead to premium reductions and I am very happy to be where we are relative to national premium “trend” experience, which is tracking in the 13%-14% range.

The dental rates, while small in pure dollars compared to the health plans, have a much simpler underwriting process. As an unmanaged plan, our dental premium is based on our experience and expected increase in costs. I am happy to report that there is a **decrease** in our 2008 rates of approximately 17%. Please keep in mind that in 2007, our dental rates increased by only 6.5% and overall, the underwriting for our group has been in line with regional and national underwriting trends.

As a reminder, participation in the dental insurance is not mandatory pursuant to Virginia Canon 31, unlike the health insurance, and it is also a much smaller portion of our total group benefit costs.

We have been very selective in going to market when we have had now had four excellent underwriting periods and the minor plan adjustment across all Anthem plans is something I can live with. I am very cognizant of the personal irritation that can be experienced with changing plans and potentially changing doctors.

Because we introduced flexibility in choice three years ago, we also introduced differences in cost. You can see the range of the premiums on the left side of the rate chart for those persons in the managed-network area. Those persons in the managed-network areas have the choice of POS, HMO1 and HMO2. The dental premiums are in gray in the center and these rates are the same for all persons in The Diocese of Virginia. On the right side of the rate chart are the rates for those persons for whom the PPO is the only choice.

Please keep in mind:

1. For all areas of the diocese, you or your employees have from **November 1st** until **December 15th** to let us know if an allowable plan other than the current plan will be used. This open enrollment period for a change in plan type only happens during this time frame. Please advise Ms. Laura Cramer by mail or by email of any desired changes.
2. As with this past year, all persons now have the same pharmacy plan.
3. All persons continue to have the same dental plan.
4. Please note that different employees at the same church location in the managed-care areas **may** use a different product!

The vestry can decide how benefits are funded at the local level through contribution strategies, and thereby give employees additional flexibility in choice. More and more, I am seeing churches asking employees to share in the cost of benefits, especially if multiple options are given in levels of benefits. You must, however, be consistent in what level of benefits the church will cover for all employees so that discriminatory practices are not a consideration.

All participants with plan changes will receive updated benefits information from Anthem after we have completed enrollment. **All participant selection forms should be sent to the attention of Ms. Laura Cramer or me at Mayo House by mail or by fax no later than Friday, December 15th.** A group fax from a church location might be easier to track should your church have a number of forms to send. Please check with your employees to make sure they are aware of any changes in the plan provided to them.

If you, or any participating employee, have any questions or concerns, please contact either Ms. Laura Cramer or myself at Mayo House. The telephone number is **1-800-DIOCESE**, the fax number is **1-804-780-9748**, and our email addresses are lcramer@thediocese.net and mkerr@thediocese.net, respectively.