



# Memo

**Date:** August 5, 2019  
**To:** Priests and Business Managers  
**From:** Brad Wilson, CFO, Office of Finance  
**Re:** Post-Retirement Medical Benefits Billing

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The late Monsignor Stephen Churchwell was the driving force behind the policy for Post-Retirement Health Benefits for Priests. A copy of the policy is attached.

The policy calls for the Chancery to procure a Medicare Supplement, currently the Hartford Advantage Plan, for each retired priest. To manage this benefit, a Trust was created and an initial contribution of \$10,000,000 occurred in 2017.

Like the monthly pension charge per priests, beginning with fiscal year 2020, a monthly charge will begin for post-retirement medical benefits. The money received will be remitted to the Trust. The annual charge is \$1200 per active priest.

Because the retired priest moved from our self-insured health plan to Medicare plus the Advantage Plan, we have been able to reduce the health plan cost per active priest by \$1200. In essence, a parish will see no overall increase in cost due to the new plan. The annual increase for the self-insured health plan is 4%.

The table below illustrates the charges per active priest for health plan costs over two years.

	<u>FY'19</u>	<u>FY'20</u>	<u>\$ Chg</u>	<u>% Chg</u>
Health Plan	\$19,076	\$18,648	(\$428)	
Post-Retirement	-0-	\$1,200	\$1,200	
Total	\$19,076	\$19,848	\$772	+4%

Please contact me with any question at [bwilson@archatl.com](mailto:bwilson@archatl.com).

# **Post-Retirement Health Benefits for Priests**

## **Policy – Promulgated March 17, 2017**

### **Senior Priests without an assignment from the Archbishop and who participate in Social Security and Medicare:**

Senior Priests falling within this category utilize Medicare as their primary source of health insurance. Part A has no cost. Part B has a premium. The Part B premium will be deducted from the priest's monthly Social Security payment made by the Social Security Administration (SSA).

Priests will be reimbursed for the Part B premium at the first level of income, currently \$85,000 of annual income. Up to this income level, the Part B premium for 2017 is \$134 per month. The premium changes each year. The cost of the reimbursement will be borne by the Senior Priests Department.

The Chancery will provide a fully-insured Medicare Supplement, currently the Hartford Advantage Plan. A Trust will be established for this defined benefit. The initial funding for this Trust will come from the Insurance Fund. Like the monthly pension charge per priests, a monthly charge will begin for this benefit and will be remitted to the Trust. The Trust will provide funding for the monthly premium of the Medicare Supplement.

### **Senior Priests without an assignment from the Archbishop and who do not participate in Social Security and Medicare: (Opted Out or less than 40 quarters of credit)**

Senior Priests falling within this category do not have automatic access to Medicare as their primary source of health insurance. Senior Priests falling within this category have three options from which to choose:

The first option, also the default option, is our self-funded High Deductible Health Plan (HDHP). The funds available for the Medicare Supplement will instead be used to fund the employer portion of the cost of the HDHP.

The second option utilizes Medicare, but the priest pays the Part A premium. The Part B premium and the Medicare Supplement are paid as if the priest were eligible for Medicare.

The third option also utilizes Medicare, but the priest requests that the funds available for the Medicare Supplement be used to pay the Part A premium. In doing so, the priest will acknowledge that he elects to forego the Medicare Supplement and may have higher out of pocket costs.

If under financial duress, a priest may request assistance to pay the Part A premium (option 2) or the higher out of pocket costs (options 1 and 3). In making the request, the priest will submit his income, expenses, and assets which will be evaluated and a recommendation made to the Archbishop for consideration.