

Shaping Future ELCA Benefits Together: October 2024 Benefits reExamined Update

Hello, I'm Stacy Kruse! Thanks for tuning in. Through Benefits reExamined, we're working to ensure ELCA benefits continue to align with the church's changing needs.

Since my last update, we've analyzed feedback from our summer survey. Thousands of members and employers responded, and we're grateful for your input. Your survey feedback called for more affordability and flexibility with ELCA benefits.

Our next phase of research will be to gather insights through online interviews, focus groups, and testing. I'll explain what we'll be testing in a few moments. But first, let's take a look at some of the survey results.

The survey reaffirmed that benefits are critical to rostered ministers, lay employees, and their families. Members are most satisfied with the disability benefits, life insurance, and the retirement plan and financial wellness.

95% of rostered ministers feel strongly that benefits are an important part of their call. Portico remains deeply committed to supporting ELCA benefits.

Your survey feedback showed that disability, life, and retirement benefits are well-understood and valued by plan members. Based on what we've heard, and we've heard it loud and clear, we're going to focus our efforts on Benefits reExamined on the health plan.

We're at a critical juncture right now, facing declining membership and rising health care costs nationwide. More than half of the members that were surveyed and two-thirds of employers surveyed are concerned about future affordability.

There are different views about what to do. Some value uniformity and community cost-sharing, and worry about disruption. Others believe they can find better deals elsewhere.

It is true, health coverage is expensive. In some organizations, it is the second largest expense after salaries. Still, ELCA health coverage costs are often in line with national averages.

High health care costs are not unique to our plan, but we do have some unique guiding principles that are important to understand. Our research is seeking your feedback on some of these.

- First, our plan is self-insured, which helps save money.
- Our community pools its resources to pay member claims. No money goes to shareholders, because we don't have any.
- Employers and members share costs differently here than most secular plans. Employers pay the full monthly contribution, and members pay out-of-pocket costs when they receive care.
- Employer contributions are based on members' age, family size, location, and defined compensation. This helps share costs across our community. Organizations with greater means and younger plan members help to make coverage more affordable for organizations with lesser means and older plan members.

- Rostered ministers keep their benefits when they change calls, which supports the call process.
- Finally, we invest in wellness, because it pays off over the long term, and it's important to support members in their ministry.

Over the past decade, Portico has applied strategies to control rising costs. These strategies have included adding services like Quantum Health Care Coordinators and 98point6. We've also expanded our services to social ministry organizations, colleges, and universities in order to maintain our scale.

But here's the challenge. The return on these strategies is starting to diminish. At the same time, prescription drug prices, cancer, and mental health needs are driving up our costs. You can see how claims trends in recent years exceed our contribution rate increases, and we've had to use our reserves to cover this difference.

In order to address this discrepancy, and offer the affordability and flexibility the church is asking for, while at the same time sustaining the care our members rely on, we have to look at potential changes.

In the next phase of research, we're testing key concepts related to plan design — such as the number of options, deductibles, out-of-pocket costs, and possibly lower-cost options with less coverage.

We'll also evaluate the community pricing model that our plan relies on, and we'll look at whether to reduce the extent to which younger members subsidize older ones, as well as the concept of members contributing to spouse or child coverage.

Hearing about these concepts may raise questions or concerns. Please know that these are not actual changes but concepts for feedback. In order to discern next steps together and reflect the church's priorities, we need to be able to hear your input so that we can learn whether to refine them or rule them out.

Decisions about actual changes will be made next year and approved by the ELCA, with ample time for members and employers to review options and make informed choices.

On behalf of Portico and the Benefits reExamined team, we want to thank you for all your time and input into this process. We pledge to continue listening, analyzing, and discerning our next steps faithfully. Together, we'll ensure ELCA benefits remain sustainable and valuable for years to come. Thank you.