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SOCIAL MINISTRY ORGANIZATION HEALTH BENEFIT ISSUES

THE BENEFITS CRISIS IN SOCIAL MINISTRY ORGANIZATIONS

According to Watson Wyatt, the median health care costs for 2005 increased by 10% after a 12% increase last year, and double digit increases in 2002 and 2003. According to a recent survey completed by the Council of Human Resource Management (CHRM), a Network of LSA, this trend has created a crisis in providing health benefits to employees of LSA social ministry organizations (SMOs) related to Lutheran Services in America (LSA). For many, if not most, health benefits have been slashed, if not withdrawn altogether. While employees may be covered, family coverage is prohibitively expensive, or not offered at all. Out of pocket expenses are increasing far beyond the standard rate of inflation or general cost of living adjustments. The impact of these increases has often been felt most significantly by employees who work less than a full-time week, or who are at or below standard living wages in their state. Many of these employees seem to be working just to pay for benefits, if benefits are yet provided to non-full time staff. The crisis deepens as employees of SMOs are bearing significant increases in contributions toward health care costs, while seeing minimal or no increases in base salary. SMO Management teams are finding little relief looking into the future, and less potential for designing new benefit options which attempt to control spiraling costs, with perhaps one notable exception – HSAs which will be discussed momentarily.

For many SMOs, a looming crisis develops as this dynamic plays out. Generally, the more individuals who contribute to a health benefit plan, the greater the likelihood that rates will be stable and affordable, with both healthy and high needs individuals participating, hence balancing the costs. But as employee contributions rise higher and higher, healthy individuals leave the plan, leaving predominantly at-risk individuals receiving coverage. As renewals are then sought for health care, premiums increase and agencies pass along the increases to participants in the plan. This again leads to more healthy participants leaving, and the cycle continues. Eventually, it spirals to the point of non-insurability, and SMOs are left with only the option of self-insurance. While self-insurance may seem attractive initially as a means to reduce expenses, once again employees are disadvantaged due to limiting regulations and laws governing such plans, as well as very high out-of-pocket expenses which can be prohibitive to lower income staff.

In Spring of 2004, CHRMs) appointed a Task Force to examine the potential of global health care options for LSA member organizations. The task force initiated a survey which yielded information that demonstrated that those organizations participating in the survey were seeking relief from the escalating benefit costs while still providing quality health care for staff. As a result, the task force issued this document to initiate conversation around this matter.

It is the position of CHRMs that quality health care at an affordable price is a basic justice issue for our agencies and our church bodies. Health care is not a "benefit"; it is a basic need in our society today, in the same way that shelter, food, and community are basic needs. As this crisis deepens, and health benefits are slashed, or made prohibitively expensive, lower income employees, employees who work less than full time, and at-risk employees with health issues become disenfranchised and bear the weight of broken health care funding in our nation. In the CHRMs document, "Stewardship for Service," the document that delineates key values of social ministry organizations, an important guideline is stated: Social ministry organizations strive to "regularly review benefit plans to assure that they are responsive to staff needs and consistent with the organization's values." The provision of affordable health care benefits is at the core of these values.

This White Paper is intended to open a dialogue among SMOs and our national Lutheran church bodies to seek new opportunities to provide quality health care options at an affordable cost for our SMOs. There is not one LSA member agency that would choose to deny health benefits to staff. Indeed, the Church itself desires to provide healing and wholeness to employees who serve our SMOs. The question is how this might happen, who bears the risk, and if our SMOs are willing to collaborate together in a plan that will benefit the whole.

A PLACE TO BEGIN CONVERSATION

The provision of health benefits are not merely an issue of retention. They are an issue of justice. Neither are health benefits simply a component of compensation. Quality health benefits are a critical need that affirms the wholeness of employees who, through SMO's, bring wholeness to others. Health care is not, in fact, a "benefit" at all. Health care in America today is a basic need. Without adequate health care coverage people refrain

from seeking care until illness is advanced and even more costly to treat. Providing health care that is wholistic, preventative and affordable must be a core value for our agencies.

So where can the dialogue begin? The best place to begin is with those who are already immersed in the realities of health care today. Both the Evangelical Lutheran Church in America and the Lutheran Church-Missouri Synod have in place institutions which provide health care coverage for employees of the church. In fact, they have established health options for SMOs. Yet, even these options are cost-prohibitive for many of the SMOs who could benefit from them the most. As Congress continues to provide new options for health care in our society, CHRM encourages and invites the ELCA and the LCMS to work together to develop new plans for SMOs that provide quality care at a reasonable cost to the agencies and employees.

In the same Watson Wyatt study referred to earlier, it was noted that 8% of the companies surveyed currently offer Health Savings Accounts (HSAs) as an option to reduce expense, while still providing acceptable and affordable health coverage for employees. It was estimated that this percentage would increase to 18% in 2006. While HSAs may have their own drawbacks, the plan appears to have the ability to meet some core needs for our SMOs. The plan offers flexibility in coverage, the ability to control expenses, and an attractive "savings" option which may create a significant "pool" of participants which can help reduce costs for participating members. LSA has approximately 50,000 employees, of which about 60% are currently benefits eligible, a potential "pool" of 10,000 individuals is feasible, and could create a viable option for either the LCMS or the ELCA to consider for coverage in an HSA. In fact, some SMOs have already initiated health savings options for employees, and are experiencing success with the new plans.

It is imperative that leaders within the church address the social, economic and justice issues related to health care for its employees. CHRM, as leaders focused on human resources within LSA member agencies, is committed to participating faithfully in this important dialogue. The spiral of minimal coverage at astronomical rates which serves primarily upper income and full time employees must be intercepted and addressed. SMOs who serve the fringes of society must also work to protect those who provide the service as well.

A CALL TO ACTION

CHRM respectfully seeks LSA to begin dialogue on this issue. An invitation is presented to any and all who would engage in seeking solutions to this difficult issue. If a solution which provides quality health care at an affordable cost can be created through one, or preferably both of the church bodies we all represent, both LSA and the Church will be strengthened in the process. Imagine an LSA which seeks to provide affordable healing and wholeness to employees of our SMOs, as they provide healing and wholeness to the people and communities they serve. Working together, SMOs, the national church bodies, and CHRM can provide creative and workable solutions to this crisis. It is our commitment to be able to provide such a solution by the next LSA gathering in 2006. We seek input, dialogue and ultimately relief and support for SMOs and their employees, while at the same time strengthening the church and its ministry in daily life.