

Section: 1 (Eligibility)	Subject:	AFFILIATED BENEFITS PROGRAM
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Under the Benefits Plan amendments adopted by the Board of Pensions in February 2000 and approved by the 212th General Assembly (2000), the Board of Pensions is offering a new program under the Benefits Plan.

Effective August 1, 2000, employing organizations of the PC (U.S.A.) can offer the Affiliated Benefits Program to employees who are not mandated to participate in the Traditional Program under the Book of Order (G-14.0534) (i.e., ministers who are not serving churches in installed positions and lay employees).

Under the Affiliated Benefits Program, employing organizations can offer non-installed ministers, which may include lay pastors and tentmakers, and lay employees enrollment in the following benefits:

Active Benefits Available	Optional Coverage Available
Medical Only	Dental Long-Term Care (LTC) Retirement Savings Plan (RSP)
Medical and Death & Disability	Dental Long-Term Care (LTC) Retirement Savings Plan (RSP) Optional Death Benefits Optional Supplemental Disability Benefits

***Note: Members can waive participation in the Medical Plan (if contributory) enroll in the Death and Disability Benefits Plans (and subsequently enroll for the Optional Death Benefits and or Supplemental Disability Benefit if offered by the employing organization.)**

Retiree Coverage

Early Retirement (age 55-64) Note: If no formal retirement medical provisions established by the Employing Organization employees must meet the Benefits Plan of the Presbyterian Church (U.S.A.) retiree medical eligibility provisions	RSP available until age 70-1/2; mandatory distributions required at age 70-1/2. Other optional coverage not available.
Normal Retiree (age 65+) Note: If no formal retirement medical provisions established by the Employing Organization employees must meet the Benefits Plan of the Presbyterian Church (U.S.A.) retiree medical eligibility provisions	RSP available until age 70-1/2; mandatory distributions required at age 70-1/2. Other optional coverage not available.

Employing organizations must continue to enroll all installed ministers in the Traditional Program (i.e., the Pension Plan as well as Medical, Death & Disability) and offer the optional coverage. Non-mandated employees already enrolled in the Traditional Program for full coverage are not eligible for the Affiliated Benefits Program.

Under the Affiliated Benefits Program, an employing organization can establish additional participation rules for non-installed members. Examples are elective enrollment for the member or his or her dependents under a cafeteria plan established by the employing organization or employee contribution requirements for participation in Medical Benefits coverage. ***(Note: Employers cannot charge an employee more than 50% of the single contribution rate if part of the cost will be assessed to the employee.)***

Employing Organization Eligibility Requirements

Employing organizations may set eligibility requirements for enrollment in the Affiliated Benefits Program over and above those the Board requires, provided that the requirements do not unfairly discriminate in favor of highly compensated employees as prohibited in Section 105 of the Internal Revenue Code. Employing Organizations may establish different requirements for classes of employees, such as:

- hours worked per week, subject to a minimum of 20 hours,
- waiting periods (not to exceed one year),
- retirement eligibility rules,
- optional coverage offerings,

- employee contributions, and
- similar employment-related provisions.

At the time of enrollment, the employing organization will be required to complete a form specifying the terms of participation that it has set for its employees or classes of employees.

Optional Coverage

Employing organizations also may offer optional coverage. The optional coverage available are:
RSP (Retirement Savings Plan)
Optional Dental
Supplemental Death Benefits
Optional Supplemental Disability Benefits, and
Optional Long-term Care Insurance.

The optional Retirement Savings Plan is always available to church workers, who work at least 20 hours per week. The Optional Dental Plan and Optional Long-term Care Insurance are available if the employing organization is offering Medical Benefits coverage. An employee need not be enrolled for Medical to enroll in either of these options. The Supplemental Death Benefits and the Optional Supplemental Disability Benefits are only available if the employing organization is offering Medical with Death & Disability.

(If medical coverage is declined the member may still enroll for Death and Disability coverage.)
The employing organization decides whether or not Supplemental Death or Optional Supplemental Disability benefits will be offered.

Dues/Pricing

Employing organizations will remit dues for the Medical Plan under a four-tier structure that is based on the dues requirement for Medical Benefits under the Traditional Program. Employing organizations can remit the full amount of dues or require employees to contribute a portion of the cost for their medical coverage but the employing organization is responsible for the remittance of dues. ***If an employing organization asks employees to contribute, employers are not permitted to assess more than 50% of the cost for member coverage. If spouse, dependent children or family coverage is provided employers can assess employees up to 100% of the cost to cover the dues required for a spouse, dependent child or family coverage for those benefits.*** If an employing organization contributes 100% of member dues, there is no option to waive the Affiliated Benefits Program coverage.

Affiliated Benefits Program

The Death & Disability Plan remains non-contributory for the employee. If the employing organization provides this coverage, the employing organization can not require a contribution from the employee for the coverage; the employer must pay the full cost.

Non-Mandated Employees (Includes Commissioned Lay Pastors and Tentmakers)

The Book of Order, Section G-14.0534, requires Benefits Plan participation, including pension and medical coverage, as a term of call for installed pastors serving churches. Ministers in these positions are referred to as “installed members.” The Affiliated Benefits Program is available for Ministers serving in non-installed positions and lay employees (“non-installed members”).

Ordained Ministers

Employing organizations can enroll ordained ministers in the Affiliated Benefits Program when they are employed in:

1. a position that does not require participation in the Benefits Plan such as an interim or stated supply minister, or
2. **Specialized ministry services**, such as a pastoral counselor, chaplain, self-employed pastor or other position as long as the service has been approved by the member’s presbytery as a validated ministry. At enrollment, the Board will require written confirmation from the member’s Presbytery that the service was approved as a validated ministry.

Lay Employees

Employing organizations need to decide prior to enrollment for what level of participation to enroll lay employees.

Effective August 1, 2000, employing organizations cannot enroll Traditional Program plan participants with full coverage in the Affiliated Benefits Program. An employing organization may decide to maintain current participants in the Traditional Program but enroll new hires in the Affiliated Benefits Program.

With the exception of those employees who are “grand-fathered” with the Traditional Program under the Benefits Plan as set forth above, all employees in an employment classification (see Administrative Rule 105) must be offered the same level of benefits and contributions for coverage.

Affiliated Benefits Program

Employing organizations offering the Affiliated Benefits Program must offer it to all lay employees in the same employment classification (e.g., all full-time exempt staff; no part-time staff), subject to the same terms and conditions.

If an employing organization has lay employees who are within the three year time limit for partial participation (Medical, Death & Disability) and the employing organization is enrolling new lay employees, in the same employment classification it must decide whether to:

- change the enrollment option for the lay employees enrolled for partial participation to the Affiliated Benefits Program
- or
- continue to enroll prospective lay employees for three years of partial participation followed by full participation.

Employing organizations may not arbitrarily switch back and forth between the Affiliated Benefits Program and the Traditional Program. On the employing organization's anniversary date of enrollment in the Affiliated Benefits Program, the employing organization may elect to change the option to the Traditional Program. If an employing organization chooses to switch lay employees to the Traditional Program, the employing organization will have a three-year waiting period before it can again elect the Affiliated Benefits Program.

The three-year limited participation in the Traditional Program will continue to apply. Employing organizations can still enroll a particular class under Section 5.3 (*Limited Participation*) of the Benefits Plan of **lay employees** for Medical, Death & Disability benefits. Before the end of the three-year period employing organizations must decide whether to increase the participation level to include pension or withdraw the employees from the Benefits Plan. Employing organizations will not be eligible to move those employees to the Affiliated Benefits Program at the end of the three years.

Associated Employing Organizations

The Board will permit organizations that are controlled or associated with the PC (U.S.A.) to enroll their employees in the Affiliated Benefits Program, provided that the organization is eligible to participate in the PC (U.S.A.) plan. The Board refers to such organizations as "Employing Organizations." According to the Internal Revenue Code, if an organization is a 501© (3)tax exempt entity it may participate in a church plan if it is "associated" with the church, and "shares common religious bonds and convictions with that church."

The Board will consider the following types of information to determine, in its sole discretion, whether the organization is eligible to participate in the Benefits Plan programs:

1. Corporate bylaws
2. Articles of incorporation
3. Other documentation that indicates that a majority of the board is elected by the Church or an agency of the Church, that the organization has a formal relationship or affiliation with the Church, or that the main source of funding comes from the Church or an agency or related body of the Church.
4. Financial Statement

Enrollment Period

There will not be an annual enrollment period for the Affiliated Benefits Program.

The effective date of the employing organization's membership will be the first of the month as long as the employee enrollment information is received by the 15th of the previous month. ***No retroactive applications will be approved. A check for the first month's dues is required with an application, except for churches that are currently receiving a quarterly invoice. Institutional employers must sent in a check for the monthly premium paid to their last insurer (plus the amount for death and disability coverage, if applicable)***

Creditable Coverage/Waiver of Pre-Existing Conditions Requirement

Employing organizations need to provide the Board with proof of any prior creditable medical coverage for everyone at the time their employees enroll in the Medical Plan. If employees were previously covered through another plan, the employing organization can submit the information for the group as a whole.

Proof of creditable coverage is required for the employees and all family members. Under HIPPA (Health Insurance Portability and Accountability Act) Plans are required to reduce the pre-existing condition period by the number of day the member or the family member had prior continuous coverage. Continuous coverage means coverage without a break in coverage for more than 63 days. Plans cannot limit coverage for pre-existing conditions for more than 12 months.

If proof of creditable coverage is not presented, employees may still enroll; however, the 12-month pre-existing condition limitation will apply.

Waiver Provisions

In the Affiliated Benefits Program, an employee may waive coverage for him or herself, a spouse and/or dependent children for a number of reasons (other employer-provided coverage is available, cannot afford to pay employee contribution, etc.). However, the employee cannot waive coverage if the employer pays 100% of the cost for medical dues.

If the spouse's employer covers the member and the coverage ends the member will have 60 days from the qualifying event to enroll him/herself and the spouse and dependent children in the Affiliated Benefits Program. Pre-existing conditions may be excluded if there is a break in coverage more than 63 days and/or the prior period of coverage was less than one year.

The spouse's employer must provide proof of prior creditable coverage for the employee, spouse and/or dependent children, if applicable, at the time they enroll in the Board's Affiliated Benefits Program. If proof of creditable coverage is not provided pre-existing conditions requirements will apply to member and all eligible family members.

Rules of Re-entry

Employing organizations will be subject to a three-year waiting period if they elect to withdraw their employees from the Affiliated Benefits Program. In cases where the employee changes employment and the new employing organization has opted out of the Affiliated Benefits Program, then the employee is ineligible for continued coverage through the Benefits Plan, other than through the Medical Continuation Option. The exact opposite will also be true. If an employee terminates service with an employing organization that has opted out of the Affiliated Benefits Program, but the new employing organization is participating, then the employee is eligible for enrollment.

Free Coverage

Employees enrolled in the Affiliated Benefits Program will not be eligible for free Medical and or Death & Disability coverage (if applicable), following termination of service.

Transitional Participation Status

Employees enrolled in the Affiliated Benefits Program will not be eligible to continue active participation by remitting dues on transitional participation. At the termination of service, the employee may subscribe for medical coverage through the Medical Continuation Program as terminated member or retired member (if eligible).

Disability Benefits

In order for employees to be eligible for disability protection, employing organizations must enroll employees in the Death & Disability coverage. Employing organizations are required to pay the dues if the coverage is elected. The dues are non-contributory for the employee.

The disability coverage is a long-term disability benefit. The Board does not provide short-term disability benefits. If an employee applies and is approved for disability benefits, the disability payment is 60% of effective salary. The effective salary is capped at \$90,000. If a member's effective salary is less than the annual median salary for their employment classification, the disability benefit is based on the median salary, pro-rated for part-time employment. Members will not receive an initial benefit that is greater than 100% of their annual effective salary, at the time of disability.

The disability payment begins on the 91st day of disability. While receiving disability benefits the employee continues to receive medical and death benefits coverage without the payment of subscription dues by the employee or the employing organization; the required dues are paid from the Death & Disability Plan. (An employing organization not enrolling its employees for Death & Disability coverage may continue to provide Medical benefits for a disabled employee and his/her family by paying the required dues.) No disability benefit shall be paid for the first 12 months of a disability period, if the disability relates to a condition for which a diagnosis, medical advice or treatment within 12 months prior to the date of eligibility for disability coverage.

Optional Supplemental Disability Benefit

Effective October 1, 2000, the Board began offering an optional supplemental disability benefit. The benefit is available only to employees earning income of \$90,000 or more. The coverage is available in effective salary increments of \$10,000 up to \$240,000 (the maximum effective salary for Pension participation). Either the employing organization or the employee may pay for the coverage. The monthly cost for the coverage is based on the employee's current age on January 1 of the calendar year.

Continuation of Medical Coverage

Members, their spouses and dependent children can subscribe for continuation of medical coverage following termination of service. The subscription form to elect continued coverage must be received within 60 days of the change in status. Also, eligible for continued coverage are dependent children no longer meeting the dependency requirement and divorced spouses and surviving spouses of Plan Members.

The initial payment for the subscription must be received within 45 days of the date the member subscribes for the coverage.

Ministers (non-installed) and Lay Employees

Ministers and lay employees (and their spouses and/or dependent children) can subscribe for coverage for 18 months (or 29 months if the employee is disabled) from the date of termination.

Surviving and Divorced Spouses

Following death or divorce a of currently participating plan member, coverage is available for surviving and divorced spouses (and their eligible dependent children) until eligibility for Medicare.

Ex-Dependent Children

Once children of actively enrolled employees no longer meet the eligibility requirements (either at age 21 or 25), they can subscribe for coverage for 36 months. Verification of full-time status is required from a college or university, if at age 21 the child is attending school on a full-time basis. The child is eligible for continued coverage up to age 25 as long as full-time student status is maintained.

Dependent Permanently Disabled Child

If child loses their permanently disabled status the child may continue coverage for 36 months or to age 28, if the loss of status occurs after age 25.

Terminated Members

Terminated members and eligible family members can subscribe for a period of 18 months.

Retiree Medical Option

Employing organizations establish their own provisions regarding eligibility requirements for retiree medical coverage. If retiring members meet the eligibility requirements of the employing organization then they do not have to meet the Board's retiree eligibility provisions. In cases where no formal retirement medical provisions are initiated by the employing organizations retirees requesting medical coverage must then meet the eligibility provisions of the Benefits Plan of the Presbyterian Church (U.S.A.) (Section 14.1 and 14.2 of the Benefits Plan).

The Affiliated Benefits Program offers retiree medical coverage for non-Medicare and Medicare retirees and their spouses. The Board will establish annually the cost of participation in the Medical Continuation or the Medicare supplement plan for retirees covered under the Affiliated Benefits Program. The cost for this program will be different from the costs established through the Traditional Program for non-Medicare and Medicare retirees and their spouses.

If the retired member is receiving pension from the Benefits Plan due to previous enrollment in the traditional plan, the deduction will be taken from the monthly pension check. If no retirement pension is being received then the retiree will be manually billed for the appropriate medical cost.

Retiree Death Benefit

If previously covered for Death & Disability immediately prior to retirement, a retiree participating for Medical Continuation or Medicare Supplement coverage is also covered for the Salary Continuation Benefit. The benefit is reduced by 1/12 for each three-month period following the date of retirement of the member.

If at the time of death, the member had been retired for three or more years the maximum Salary Continuation Benefit that is payable is \$6000.