



# **Affiliated Benefits Program**



**Questions and Answers**

## What is the Affiliated Benefits Program?

The Affiliated Benefits Program is an enrollment option for churches and other employing organizations under the Benefits Plan of the Presbyterian Church (U.S.A.) which gives them the flexibility to offer their employees the Plan's medical, death and disability benefits without requiring participation in the Pension Plan.

## Who is eligible?

The Affiliated Benefits Program is intended to address the benefit needs of churches and other employing organizations for their employees who do not currently participate in the Traditional Program. The program is not available to installed pastors serving churches who are mandated by the *Book of Order* to participate in the Benefits Plan Traditional Program and those already enrolled for Traditional coverage under the Benefits Plan.

## Why did the Board develop it?

In 1998, the Presbytery of Donegal brought an overture to the 210th General Assembly (1998) asking that the Assembly mandate participation in the Benefits Plan for all Presbyterian-affiliated organizations. The Board of Pensions studied Overture 98-73 and reported to the Assembly that the requested participation mandate would be impractical, but that the Church and the Board could provide programs to employing organizations not currently participating in the Benefits Plan. While recommending disapproval of the overture, the Board sought to answer the spirit of that proposal. The Affiliated Benefits Program expands participation while not mandating participation in the Benefits Plan; it was approved by the 212th General Assembly (2000).

## Who can employing organizations enroll in the Affiliated Benefits Program?

Employing organizations that are already participating in the Benefits Plan can enroll classes of employees who are not currently enrolled in the Traditional Program. Those employees may be non-mandated ministers, including commissioned lay pastors and lay employees.

Employing organizations that are not currently participating in the Benefits Plan at all may enroll employees for the Affiliated Benefits Program, provided they can demonstrate an eligible relationship to the Presbyterian Church (U.S.A.). The enrollment must be on a non-discriminatory basis, that is, offering all employees in a given eligible class uniform benefits and contributions.

## Do employing organizations have to offer the program to all employees?

They need not offer the program to all employees but must offer the program to all employees in the same employment classification. They cannot discriminate within a classification of employees. For example, they can offer the program only to full-time exempt staff (not currently enrolled in the Traditional coverage of the Benefits Plan) and choose not to offer the program to part-time exempt staff or non-exempt staff. If an employing organization requires employee contributions, all employees in that job classification must be offered the coverage but do not have to elect the program. (See page 3 for more about waiving coverage.)

For additional information on classification of employees, see Administrative Rule 105 on the Board of Pensions Web site, Pensions.org, or call the Board to request this document. Additional information about this topic is available at the IRS Web site, [www.irs.gov](http://www.irs.gov).

### **What restrictions determine if an employee is eligible to be enrolled in the Affiliated Benefits Program?**

Eligible staff must work at least 20 hours a week. Beyond that, employing organizations can determine the number of hours required for enrollment in the Affiliated Benefits Program subject to this 20-hour work week minimum.

### **Can employees of various organizations (for example, day care, counseling services, and others) enroll?**

The Board will permit employing organizations controlled by or associated with the Presbyterian Church (U.S.A.) to enroll their employees, provided each employing organization can document that it is appropriately connected with the church. According to the Internal Revenue Code, an organization may participate in a church plan if the organization is a 501(c)(3) tax exempt entity and is “associated” with the church and “shares common religious bonds and convictions with that church.” The Board has established criteria for eligible organizations.

### **If employees, ordained ministers, and lay staff are now enrolled in the Benefits Plan (Traditional Program) for full participation (medical, death and disability, and pension), can they change to the Affiliated Benefits Program?**

No. Currently, employers cannot switch employees enrolled for limited or full participation with Traditional Program coverage in the Benefits Plan to the Affiliated Benefits Program.

### **Can employers enroll employees who are “retired”?**

Only actively at-work employees are eligible for enrollment in the Affiliated Benefits Program. Employers may have employees who are Medicare eligible, but if they are actively working, employers must offer them the same coverage (that is, the Affiliated Benefits Program, if offered). Additionally, if there are contribution requirements, the requirements have to be the same for all employees in the classification, regardless of Medicare eligibility.

### **Does the medical coverage provided in the Affiliated Benefits Program differ from the coverage under the Traditional Program of the Benefits Plan?**

No. The PPO medical benefits, provided under the Affiliated Benefits Program are the same as those provided under the Traditional Program. Members and families may choose among doctors and hospitals, but can take advantage of economic incentives when they select PPO providers. They may also use

- the **Prescription Drug Program** with both retail and mail-order services for reasonable copays.
- **Disease Management programs** that help those with chronic illnesses like asthma, diabetes, and cardiovascular disease.
- the **Employee Assistance Program**, which helps members cope with stress and depression, marital and family difficulties, substance abuse, career transition, legal problems, and adult care issues.
- the **24-hour nurse hotline**, which provides guidance about appropriate care for immediate problems as well as answering member questions about specific conditions or treatment recommendations.
- the **Vision Benefit Program**, which provides a benefit for an annual routine eye exam. Please visit [Pensions.org](http://Pensions.org) for more information.

### **How are deductibles and copayments (out-of-pocket amounts) calculated?**

Deductibles and copayments (out-of-pocket amounts) are based on established salary bands, subject to the minimum and the maximum salaries. For further information, please see the current year's *Guide to Your Healthcare Benefits* booklet.

### **When will coverage for employees begin?**

Coverage will begin on the first of the following month provided the Board has received the completed Employer Agreement form (ENR-005) and all other completed forms and applications by the 15th of the previous month. There are no exceptions to this rule even if the 15th falls on a day the Board is not open.

### **Can an employer retroactively enroll an employee?**

No. Retroactive enrollments are not permitted.

### **Can an employee waive coverage for him/herself, a spouse, and/or dependent children?**

Under the Affiliated Benefits Program, the employing organization must offer coverage to all employees within an employee classification, but an employee can waive coverage for him/herself, a spouse, and any dependent children if there is a contribution requirement or if other group coverage is available through the spouse's employment. If an employer elects to pay 100% of an employee's dues, however, there is no opportunity to waive coverage for the member.

If coverage that is provided by the spouse's employer for the employee, spouse, and/or dependent children ends, an employee will have 60 days from that qualifying event to enroll in the Affiliated Benefits Program. The spouse's employer must provide proof of prior creditable coverage for all of those being added when they enroll in the Affiliated Benefits Program. This allows the Board to determine if any pre-existing condition limitations apply.

### **Will any limits be put on pre-existing conditions under the new program?**

New members entering the Affiliated Benefits Program will be asked to provide creditable coverage certificates for themselves and any family members. However, pre-existing conditions will not apply to children under age 19. The certificate, provided by the employer or its former health plan, verifies the dates of previous medical coverage. The Board credits the time to any pre-existing condition limitations period that may otherwise apply. An employing organization may present the information needed from the certificate on behalf of all its enrolled employees at time of application for any employee/family whose coverage has not been in place for at least 12 months.

### **Can a Specialized Ministry member currently participating only in the Pension Plan sign up for medical benefits under the new program?**

No. If the minister is enrolled for pension only, this means he or she elected to waive medical benefits because the employer is providing medical coverage. If the minister starts a new specialized ministry service, he or she will be eligible to enroll in the Affiliated Benefits Program.

### **What will the monthly dues be to provide these benefits to an employee in this program?**

**Healthcare** - Please see the current year's Affiliated Benefits Program Deductibles and Copayments product sheet (ABP-600) available on Pensions.org.

**Death and Disability** - If an employing organization elects to provide employees with this benefit, it will be assessed 3.5% dues based on the employee's annual effective salary or the annual minimum pension participation basis, whichever is higher. The maximum covered effective salary is determined by the Board of Directors. Participants enrolled for this coverage receive the Death and Disability Plan benefits described in the Benefits Plan, that is, the same coverage provided for those in the Benefits Plan with Traditional coverage.

### How is the coverage paid for?

The Board will require the first month's payment with the employing organization's application to activate the coverage, except if the church or employing organization is currently receiving a monthly invoice. The employer may estimate dues based on current payroll for death and disability and prior coverage for medical. If a church or organization currently receives a bill from the Board, the Affiliated Benefits Program coverage will be billed on the same frequency. New organizations will receive monthly invoices. A church or employing organization that uses BoardLink, the electronic billing and payment system on the Board's Web site, will pay monthly.

### How do I report termination in dependent coverage?

Employers will be required to complete a dependent change form (ENR-107). Dependent medical benefits will end on the last day of the month that the Board receives the notification to terminate dependent coverage. No retroactive dependent terminations are permitted.

### If an employing organization has a delinquent account, will the Board allow it to enroll employees in the Affiliated Benefits Program?

No. Accepting applications from employing organizations with current delinquent accounts will affect the soundness of the Medical Fund, and the Board does not believe that this is good stewardship or in the best interest of the church at large. The Board is always willing to discuss delinquent account payment arrangements with employing organizations.

### How much does the employee have to pay for medical coverage?

If an employing organization asks employees to contribute, employers cannot assess employees more than 50% of the cost required for member coverage. If spouse, dependent children, or family coverage is provided, employers may assess employees up to 100% of the cost to cover the dues required for a spouse or dependent children. If the employing organization offers death and disability coverage, it must pay the full cost for that coverage.

### What happens when an employee leaves in the middle of the month?

The benefits for the employee will end on the last day of the month in which the termination is effective. No extension of medical coverage is available following termination in the Affiliated Benefits Program. Dues will be billed and payable the same date. No retroactive terminations will be accepted. The employee will have 60 days from the termination date to subscribe to continue medical coverage for a specified duration.

#### **Note: Timely reporting of termination is necessary.**

Employers must report termination of service in advance of or immediately upon termination. The Board may revise the requested termination date if the member has accessed benefits beyond his or her termination date of eligible service.

### If employees are on disability (or COBRA, or retiree coverage whether pre or post age 65), what is the status of their coverage with the Affiliated Benefits Program?

The Board will permit employing organizations to transition employees on disability and retiree coverage in the following manner:

**Disabled Employees** - If a new Affiliated Benefits Program employer is providing medical coverage for an already disabled employee (and the family, if applicable), the Board will waive any actively-at-work provision and extend coverage. Dues for the appropriate level of coverage need to be remitted. Coverage will only be continued for the balance of the period of protection stated under the prior plan. If the only coverage previously provided was through COBRA, the disabled employee may subscribe for Medical Continuation coverage for the balance of the COBRA period. (See "COBRA Individuals" on page 5 for coverage limitations when an employer leaves the Affiliated Benefits Program.)

**Retired Employees** - The Board will permit employing organizations to transition retired employees to its retiree medical program, subject to the cost and provisions of the Board's retiree program in place at the time of enrollment in the Affiliated Benefits Program. The employer must provide verification that the retirees had retiree medical coverage through the employer before the implementation of the Affiliated Benefits Program.

If an organization decides to withdraw all of its employees or an entire job classification from the Affiliated Benefits Program, all retirees with either Medical Continuation or Medicare Supplement coverage must also be withdrawn.

**COBRA Individuals** - Church plans are exempt from the COBRA requirements, but the Medical Continuation Program is the Benefits Plan's equivalent coverage. The Board will permit employing organizations to transition COBRA individuals to its Medical Continuation Program for the balance of the COBRA coverage period, subject to the cost and provisions of the Benefits Plan at the time of enrollment in the Affiliated Benefits Program. The employer must provide verification that the COBRA individuals had COBRA coverage through the employer before the implementation of the Affiliated Benefits Program.

If an organization decides to withdraw all of its employees or an entire job classification from the Affiliated Benefits Program, all COBRA individuals with Medical Continuation must also be withdrawn.

**When will employees on pregnancy leave (before or after birth) be covered under the Affiliated Benefits Program?**

Employees on maternity leave are immediately eligible for coverage through the Affiliated Benefits Program. Prior to the birth, an employee must pre-certify the hospital stay through ActiveHealth Management (866-794-3127), the Board's vendor for medical care coordination.

**Does the Board offer retirement medical coverage to employees?**

If the employer has a retiree medical plan, the Board will honor the provisions of the plan subject to receipt of a copy of those provisions at the onset of initial enrollment in the Affiliated Benefits Program. If the employer does not have a retiree medical plan, the Board will allow future retirees who meet the Board's medical retirement eligibility provisions to participate in retiree medical benefits.

**Can we add new classifications of employees such as part-time over 20 hours per week and professional status (state licensed or certified)?**

Employing organizations are free to determine their own employee classifications, provided that they are reasonable and not designed to discriminate in favor of highly paid employees (as defined by the IRS). However, the Benefits Plan of the Presbyterian Church (U.S.A.) requires that the employer designate, at the time of enrollment, whether employees are professional exempt staff or non-exempt, and offer non-discriminatory coverage to all employees in any classification to be covered.

**What type of notice does the Board require if an employer decides to withdraw all of its employees or an entire job classification from the Affiliated Benefits Program?**

The Board requires it be notified in writing at least 45 days prior to the date on which an employer desires to withdraw all or a class (or classes) of employees from the Affiliated Benefits Program. All active, Medical Continuation, and Medicare Supplement members and their dependents must be transitioned to the new coverage.

**Note:** Employees from employing organizations withdrawing all their employees or a class of employees from the Affiliated Benefits Program are not eligible for continuation of medical coverage, and the employing organization may not rejoin the Affiliated Benefits Program for three years.

**Will the Board offer employees in the above situation the opportunity to subscribe to Medical Continuation coverage?**

No.

**Can the optional coverages (retirement savings, dental, supplemental disability, and supplemental death benefits) be offered by employee classification?**

Employers can determine a different level of benefits by employee classification, but cannot offer different levels of benefits within an employee classification. For example, the dental coverage could be offered to all exempt employees only. Supplemental death and disability could be offered to all hourly employees only. The coverage alternatives must be the same within an employee classification.

**Is there an annual open enrollment for changing, adding, or dropping coverages?**

No. If an employer wishes to revise their benefits offered to employees, change their contribution level, add or drop an employee classification they can make the changes on the anniversary date of their initial enrollment in the Affiliated Benefits Program or January 1 of the calendar year. Employers must complete a revised Employer Agreement form and the revised form should be mailed/faxed to the Board's office 30 days prior to the effective date.

**If death and disability coverage is not offered by the employer at initial enrollment, can it be added at a later date?**

Yes, it can be added on the employer's anniversary date of Affiliated Benefits Program enrollment or during the employer's pre-determined open enrollment period. At the Board's discretion, some organizations may add this coverage if they are terminating their current group coverages of similar value at times other than those specified above.

**Can the Medical Plan be offered as an option with an HMO plan of the employer's selection?**

No.

**Can an organization offer the Affiliated Benefits Program alongside other benefit options (such as the synod's HMO or its current PPO)?**

An organization can offer the Affiliated Benefits Program alongside other benefit options if the following criteria are met:

- It is not a church (schools and other organizations affiliated with churches are eligible for this option).
- The offering is being made to at least 50 employees (this does not include dependents). Additionally the 50 employees cannot include those employed by the church (if the organization is a church school) or other organization (such as a day care center) affiliated with a church.

For more information on this option, please call the Board of Pensions and request to speak to the Manager, Special Programs.

**An employee's annual effective salary is a critical component for determining medical deductibles, copayments, and death and disability income. How does an employer determine effective salary for employees who are paid hourly, get a shift differential, receive a bonus, or otherwise don't have a fixed annual compensation level?**

Please refer to the Board's booklet *Understanding Effective Salary*.

**If an employer wants to adopt the Affiliated Benefits Program, what should it do next?**

Call the Board of Pensions at 800-773-7752 (800-PRESPLAN) and request an enrollment kit. Completely fill out an Employer Agreement (ENR-005) and then an Affiliated Benefits Program Membership Application (ENR-002) for each employee to be enrolled. A copy of the organization's payroll register should also accompany this paperwork.

If optional coverages are to be offered, employees will need to complete the corresponding form for each optional coverage. A copy of most forms are included in the enrollment kit and may also be downloaded from the benefits section of the Web site, Pensions.org.



**The Board of Pensions**  
of the Presbyterian Church (U.S.A.)

2000 Market Street, Philadelphia, PA 19103-3298  
800-773-7752 • 800-PRESPLAN • Pensions.org

©2011 The Board of Pensions of the Presbyterian Church (U.S.A.)

ABP-204 11/11