

Policy 130

Clergy Retirees and Surviving Spouses TAC Retiree Health Benefits Policy

TAC Retiree Health Benefits Policy

Retiree Medical Subsidy (Retiree Age 65+ and Medicare Primary)

The Texas Annual Conference (TAC) has provided a Retiree Medical Subsidy to assist retired clergy and their spouses or surviving spouses who are Medicare Primary with the cost of their health care in retirement. The basic subsidy is \$190 per person per month, or \$2,280 per year. Prior to January 1, 2018, the Retiree Medical Subsidy was used to reduce the amount charged retirees each month for their coverage in the TAC Retiree Group Health Plans.

Effective January 1, 2018, the Retiree Medical Subsidy has been provided to eligible Medicare Primary retirees, spouses and surviving spouses through a tax-free Health Reimbursement Arrangement (HRA) Account administered through Via Benefits (previously named OneExchange). The HRA funds can be used to reimburse retirees for their qualified health care expenses such as premiums for Medigap or Medicare Advantage Plans, Medicare Part B premiums, prescription drug, dental or vision plan premiums, and other eligible out-of-pocket medical or prescription drug expenses such as deductibles and copays.

The full annual HRA funding will be available as of January 1 each year, and married retirees will share a joint account with their spouses. Any funds remaining in retiree HRA accounts at year end will be carried forward to the next year and will be added to the next year's annual funding amount. Retirees in the current year will receive a pro-rated amount based on their date of retirement.

Eligibility Clarification as of 1/1/2024

Effective January 1, 2024, the Retiree Medical Subsidy is now closed to active medical plan participants. Active clergy and spouses, that met eligibility requirements for the TAC Retiree Medical Subsidy (HRA funding) at a future retirement date, received a lump-sum payment in lieu of receiving the TAC Retiree Medical Subsidy (HRA funding through Via Benefits) at retirement. The lump-sum payment was made to those eligible individuals as of January 1, 2024. Going forward, as of January 1, 2024, only current early retirees, under age 65 eligible spouses and surviving spouses, who meet eligibility requirements, will receive the subsidy once reaching age 65.

Eligibility Clarification as of 7/1/2022

Since the inception of the policy, the TAC GHB Policy 130 Retiree Health Benefits has provided retiree health benefits to eligible TAC retired clergy, spouses and surviving spouses who meet the eligibility criteria as specified in the eligibility provisions of this document. This is not nor has it been an entitlement or guaranteed benefit (please refer to page 6 of this policy), but rather a gift that the TAC has provided to TAC retired clergy to assist with the cost of their health care in retirement.

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TAC GHB Policy 130 has been amended as needed by the TAC Group Health Benefits Committee with the approval of the Board of Pensions and with the concurrence of Annual Conference. Prior to 1/1/2017, all active TAC clergy enrolled in the TAC GHB Plan could receive the Retiree Medical Subsidy Benefit at retirement if otherwise eligible; however, that created an approximate \$24 million liability to the TAC which was unsustainable. As a result, Policy 130 was amended effective 1/1/2017 so that only clergy who were 55 years or older as of 1/1/2017 (born prior to 1/1/1962) would be eligible to receive the Retiree Medical Subsidy at retirement. That eliminated approximately half of all active TAC clergy, along with all new hires on or after 1/1/2017, from receiving the Retiree Medical Subsidy (HRA funding) as future retirees.

In accordance with the stated intention and provisions of TAC GHB Policy 130 to provide the Retiree Medical Subsidy to eligible TAC retired clergy, spouses and surviving spouses, *TAC active or retired clergy who withdraw from or discontinue membership in the Texas Annual Conference, along with their enrolled spouses, are not eligible to receive or to continue to receive the TAC Retiree Medical Subsidy (HRA funding) for retired TAC clergy and spouses age 65+.*

If a TAC retired clergy's HRA account has funds remaining at the time of the clergy's withdrawal or discontinuance, the clergy and/or eligible spouse will have a 6-month "runout period" to utilize the remaining HRA funds for reimbursement of their qualified health care expenses incurred before the date of the clergy's withdrawal or discontinuance. The clergy and/or spouse will not be eligible to receive any new HRA funding during the runout period. At the end of the runout period, any remaining HRA funds will be returned to the TAC.

I. Eligibility for TAC Retiree Medical Subsidy (Health Reimbursement Arrangement (HRA) Account Funding)

To qualify for the TAC Retiree Medical Subsidy (HRA funding), TAC retirees must meet the following criteria:

1. TAC retiree and enrolled spouse or surviving spouse must have participated in the TAC Group Health Benefits Plan for at least two years (24 consecutive months) immediately preceding retirement and must be enrolled at the time of retirement.
2. TAC retiree must receive or be eligible to receive a pension from Wespath (former General Board of Pensions) (excluding UMPIP).
3. TAC retiree's date of birth must be prior to January 1, 1962 (had attained age 55 as of January 1, 2017).
4. TAC retiree and spouse or surviving spouse must be enrolled in Medicare Part A and Medicare Part B (Medicare Primary).
5. TAC retiree and spouse or surviving spouse must be enrolled in a Medigap (Medicare Supplement) or Medicare Advantage Plan through Via Benefits.
6. Former TAC Taxable Stipend participants grandfathered as of 12-31-2017 may receive the Retiree Medical Subsidy (HRA funding) without enrolling in coverage through Via Benefits.

There are additional criteria that must be met based on date of first TAC appointment and years of service at retirement for retirees whose first TAC appointment was on or after July 1, 2005. Please see the following charts for specific details regarding HRA funding amounts.

Please note: All TAC clergy age 55 and younger as of January 1, 2017 (born on or after January 1,

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1962) and all new hires on or after January 1, 2017 regardless of age will not be eligible for the TAC Retiree Medical Subsidy (Health Reimbursement Arrangement (HRA) Account funding).

Upon the recommendation of the Director of the Center for Connectional Resources, the Group Health Benefits Committee with the concurrence of the Board of Pensions has the discretion to waive the two-year requirement for a TAC clergy who: (1) has over 25 years of service to the Denomination, (2) is not eligible to participate in any retiree group health plan in any other Methodist Conference, (3) was not eligible to participate in the TAC Group Health Plan during the two years immediately preceding retirement, and (4) who would otherwise not be eligible to participate in the TAC Group Health Plan in retirement.

II. Retirees Age 65+ (born prior to January 1, 1962) with first TAC appointment *prior to July 1, 2005*

TAC retired clergy age 65+ (born prior to January 1, 1962) who received their first appointment with the TAC prior to July 1, 2005, and their eligible age 65+ spouse or surviving spouse, would each receive the following contribution toward their Retiree Medical Subsidy (HRA funding):

	HRA Monthly Amount	HRA Annual Total
Retiree Only	\$190	\$2,280
Surviving Spouse Only	\$190	\$2,280
Retiree and Spouse	\$380	\$4,560

III. Retirees Age 65+ (born prior to January 1, 1962) with first TAC appointment *on or after July 1, 2005*

TAC retired clergy age 65+ who received their first appointment with the TAC on or after July 1, 2005, and their eligible age 65+ spouse or surviving spouse, would each receive contributions toward their Retiree Medical Subsidy (HRA funding) according to the following schedule:

Years of Service	HRA Monthly Amount (% of \$190)	HRA Annual Total
2 – 9	\$0	\$0
10 - 14	\$ 95 (50%)	\$1,140
15 - 19	\$114 (60%)	\$1,368
20 – 24	\$133 (70%)	\$1,596
25 – 29	\$152 (80%)	\$1,824
30 – 34	\$171 (90%)	\$2,052
35+	\$190 (100%)	\$2,280

IV. Pre-1992 Additional Retiree Health Care Contribution

TAC clergy who retired prior to January 1, 1992 receive an additional \$75 per month contribution to their Retiree Medical Subsidy (HRA funding), and surviving spouses of such retirees receive an additional \$55 per month contribution. Pre-1992 Spouses receive the basic \$190/month only.

	HRA Monthly Amount	HRA Annual Total
Pre-1992 Retiree Only	\$190 + \$75 = \$265	\$3,180
Pre-1992 Surviving Spouse Only	\$190 + \$55 = \$245	\$2,940

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Pre-1992 Retiree and Spouse	\$265 + \$190 = \$455	\$5,460
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TAC Early Retiree Group Health Benefits (Retiree Under Age 65)

V. Eligibility for TAC Early Retiree Group Health Benefits

To qualify for TAC Early Retiree Group Health Benefits, TAC early retirees under age 65 must meet the following criteria:

1. TAC retiree and enrolled spouse or surviving spouse (and/or other eligible dependents) must have participated in the TAC Group Health Benefits Plan for at least two years (24 consecutive months) immediately preceding retirement and must be enrolled at the time of retirement.
2. TAC retiree must receive or be eligible to receive a pension from Wespeth (former General Board of Pensions) (excluding UMPIP).

Upon the recommendation of the Director of the Center for Connectional Resources, the Group Health Benefits Committee with the concurrence of the Board of Pensions has the discretion to waive the two-year requirement for a TAC clergy who: (1) has over 25 years of service to the Denomination, (2) is not eligible to participate in any retiree group health plan in any other Methodist Conference, (3) was not eligible to participate in the TAC Group Health Plan during the two years immediately preceding retirement, and (4) who would otherwise not be eligible to participate in the TAC Group Health Plan in retirement.

VI. TAC Early Retiree (Under Age 65) Group Health Coverage

TAC retired clergy under age 65 who meet the criteria for TAC Retiree Group Health coverage can elect to remain on the TAC Group Health Plan along with their eligible dependents until the retiree and/or spouse reaches age 65 and/or a dependent otherwise loses eligibility (e.g., a dependent child reaches age 26).

TAC early retirees under age 65 pay the direct billing rate as per the TAC GHB Rate Schedule. Medicare eligible spouses of under age 65 early retirees can elect to enroll in a Medigap (Medicare Supplement) or Medicare Advantage Plan through Via Benefits and receive the applicable Retiree Medical Subsidy (HRA funding) if eligible (see Sections I - III).

VII. TAC Early Retiree Prior to 1/1/2021 (Age 62 – 65 or with 30 Years of Service as of 1/1/2019) Group Health Coverage

TAC retired clergy age 62 – 65 (or with 30 years of service as of 1/1/2019) who retired prior to 1/1/2021 and meet the criteria for TAC Retiree Group Health Coverage can elect to remain on the TAC Group Health Plan along with their eligible dependents until the retiree and/or spouse reaches age 65 and/or a dependent otherwise loses eligibility (e.g., a dependent child reaches age 26).

TAC subsidizes the cost of TAC Group Health Coverage for early retirees age 62 – 65 (or with 30 years of service as of 1/1/2019) who retired prior to 1/1/2021 by 50% of the Direct Billing Rate for the clergy's applicable coverage level. Medicare eligible spouses of early retirees ages 62 – 65 can elect to enroll in a Medigap (Medicare Supplement) or Medicare Advantage Plan through Via Benefits and receive the applicable Retiree Medical Subsidy (HRA funding) if eligible (please see Sections I - III). Once the remaining early retirees eligible for the 50% rate subsidy reach age 65, this benefit will be terminated.

VIII. Loss of Eligibility for TAC Early Retiree Health Coverage

A TAC early retiree who chooses not to enroll in (or to terminate coverage in) the TAC Group Health Plan, will lose eligibility for coverage along with any eligible dependents, and the retiree and dependents *will not be allowed to re-enroll in the TAC Group Health Plan or receive the TAC Retiree Medical Subsidy (HRA funding) in the future.* A retired clergy who transfers to a US Military Plan can return to the TAC plan only when the Military Plan ceases to exist.

A TAC early retiree who withdraws from or discontinues membership in the Texas Annual Conference will lose eligibility for coverage along with any eligible dependents, and the retiree and dependents will not be allowed to re-enroll in the TAC Group Health Plan or be eligible to receive the TAC Retiree Medical Subsidy (HRA funding) in the future.

TAC Retiree Dependent Coverage

IX. Eligibility for TAC Retiree Dependent Health Benefits

Only dependents enrolled in the TAC Group Health Plan for at least two years (24 consecutive months) immediately preceding and at the time of the clergy's retirement are eligible for retiree health benefits. Effective December 1, 2011, retirees will not be permitted to add any dependents to their retiree health benefits once they retire. TAC retiree coverage is considered to be a benefit provided in recognition of the contributions of the clergy and spouse over the span of their active ministry. Thus, if a clergy remarries after retirement, the new spouse will not be eligible for TAC retiree health benefits (unless the new spouse is a surviving spouse of a retired TAC clergy as described in Section XIV).

All dependents enrolled in TAC Retiree Group Health coverage as of December 1, 2011 will be grandfathered and can remain on the plan until otherwise losing eligibility under plan rules: for example, when a dependent child loses eligibility due to age.

X. Loss of Eligibility for TAC Retiree Group Health Dependent Coverage

An eligible under age 65 dependent who chooses not to enroll in (or to terminate coverage in) the TAC Group Health Plan, will lose eligibility and *will not be allowed to re-enroll in either the TAC Group Health Plan or receive the TAC Retiree Medical Subsidy (HRA funding) in the future.* See additional information in Section VIII.

TAC Surviving Spouse Group Health Coverage

XI. Eligibility for TAC Surviving Spouse Group Health Coverage

The surviving spouse of a TAC clergy who was enrolled in the TAC Group Health Plan at the time of the clergy's death is eligible to continue participation in the plan until the surviving spouse's death or remarriage (please see Section XIV).

XII. Health Care Contribution for TAC Surviving Spouse Age 65+

Surviving spouses age 65+ will receive a contribution toward their Retiree Medical Subsidy (HRA Funding) which is the same as the contribution previously received by their retired spouse (please see Sections I - III). Surviving spouses of retirees who retired prior to January 1, 1992 are eligible for an additional contribution amount (please see Section IV).

XIII. TAC Surviving Spouse Under Age 65 Group Health Coverage

Surviving spouses under age 65 can elect to remain on the TAC Group Health Plan along with their eligible dependents until the surviving spouse reaches age 65, at which point the surviving spouse can elect to enroll in a Medigap or Medicare Advantage Plan through Via Benefits and receive the Retiree Medical Subsidy (HRA funding) if eligible. Under age 65 surviving spouses will pay the appropriate personal contribution amount as determined by the Rate Schedule.

XIV. Loss of Eligibility for TAC Surviving Spouse Group Health Coverage

In the event of remarriage, the surviving spouse's eligibility to participate in the plan will terminate on the date of remarriage, unless the surviving spouse remarries a retired TAC clergy, in which case the surviving spouse will retain eligibility for benefits under the plan.

A surviving spouse under age 65 who chooses not to enroll in (or to terminate coverage in) the TAC Group Health Plan, will lose eligibility and *will not be allowed to re-enroll in either the TAC Group Health Plan or receive the TAC Retiree Medical Subsidy (HRA funding) in the future.*

Other Requirements

XV. Personal Contributions for Under Age 65 Retiree and Surviving Spouse Group Health Plans

The TAC Benefits Office collects personal contributions for under age 65 Retiree and Surviving Spouse Group Health coverage using electronic funds transfer (EFT). The Benefits Office must have a signed Electronic Funds Transfer Authorization (EFT) Form on file prior to the start of Retiree Group Health Benefits.

Personal contributions for under age 65 Retiree and Surviving Spouse Group Health Coverage will be made according to the TAC GHB Rate Schedule.

Note: The Group Health Benefits Plan is not a form of entitlement. The Group Health Benefits Committee under the direction of and subject to the approval of the Board of Pensions, with the concurrence of Annual Conference, reserves the right to amend or eliminate Group Health Benefits for both active and retired participants.