

**Center for Applied Research in the Apostolate  
Georgetown University  
Washington, DC**

*Diocesan Provision of Long-term Care Services for Priests*



**May 2014**

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LSRP is a group of concerned Catholic laity and clergy, formed in 2007 to understand and address the issues facing diocesan priests in their retirement years.

Incorporated in the state of Florida as a not-for-profit 501(c)(3) organization, LSRP has four primary goals:

- To enhance the lives of diocesan priests in their retirement
- To create an awareness with the laity of the plight of many diocesan priests in retirement
- To form a national association of senior diocesan priests to deal with issues of isolation, loneliness and to speak with a uniform voice
- To develop guidelines for a just and equitable pension and benefit plan



## **Center for Applied Research in the Apostolate at Georgetown University**

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# *Diocesan Provision of Long-term Care Services for Priests*

## **Table of Contents**

Executive Summary .....	1
Major Findings.....	1
Introduction.....	4
Part I: Diocese Size and Type of Long-term Care Coverage.....	5
Size of Active and Retired Presbyterates.....	5
Type of Long-term Care Coverage .....	7
Part II: Analysis of Types of Long-term Care Coverage.....	10
Dioceses with Traditional Long-term Care Policies.....	10
How These Dioceses Came to Have Their Current Long-term Care Providers.....	13
Enrollment and Coverage of Priests .....	15
How Dioceses Fund the Premiums .....	17
Satisfaction with Traditional Long-term Care Insurance Providers .....	17
Summary of Lessons Learned.....	21
Dioceses with Life Insurance Policies for Priests with Long-term Care Riders.....	23
How Dioceses Came to Have Their Current Long-term Care Providers.....	23
Enrollment of and Coverage of Priests and Underwriting.....	23
How Dioceses Fund the Premiums .....	24
Satisfaction with a Long-term Care Rider on Life Insurance .....	24
Summary of Lessons Learned.....	25
Dioceses That Are Self-insured for Long-term Care.....	26
Why Dioceses Chose to Become Self-insured.....	26
Extent of the Long-term Care Coverage Provided .....	27
How Dioceses Fund Self-insurance .....	29
Satisfaction with Being Self-insured .....	29
Summary of Lessons Learned.....	30
Dioceses That Cover Long-term Care on a Case-by-Case Basis.....	32
Appendix A: Interview Protocol.....	35



# **Center for Applied Research in the Apostolate**

## **Georgetown University Washington, DC**

### ***Diocesan Provision of Long-term Care Services for Priests***

#### **Executive Summary**

In January 2014, Laity in Support of Retired Priests, Inc. (LSRP) commissioned the Center for Applied Research in the Apostolate (CARA) at Georgetown University to conduct a follow-up study of diocesan practices and policies for the long-term care needs of diocesan priests in retirement. The purpose of this research is to learn some exemplary practices that are in place in dioceses to assure that priests have access to long-term care services. The research was conducted through telephone interviews with 29 dioceses that had indicated in previous research that they provide some kind of long-term care for their retired or semi-retired priests. The interview protocol asked for details about how long-term care is provided, how different insurance carriers provide coverage, and the positive and negative experiences of the dioceses with their insurance carrier(s). This report summarizes findings of this study, which interviewed one or more representatives from each selected diocese.

The interview protocol was designed by CARA in collaboration with representatives from LSRP. The protocol consists of 20 open-ended questions. The 29 dioceses chosen to interview had indicated that they have long-term care insurance for their priests, either in their response to a June 2103 study conducted by CARA for LSRP<sup>1</sup> or in their response to a 2013 survey by the National Federation of Priests' Councils<sup>2</sup>. After numerous calls, follow-up calls and emails from February to April 2014, a total of 24 dioceses eventually agreed to be interviewed.

#### **Major Findings**

- Examining two recent studies of Catholic dioceses' provision of health services to their priests, 29 of the 176 U.S. archdioceses and dioceses (16 percent) report providing some kind of long-term care coverage, which is assistance with the performance of basic activities of daily living.

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<sup>1</sup> Mary L. Gautier and Carolyne Saunders, 2013, *Diocesan Provision of Retirement Services for Priests*, Center for Applied Research in the Apostolate at Georgetown University.

<sup>2</sup> Mary Jo Moran and Toru Sakaguchi, 2013, *The Laborer Is Worthy of His Hire: A Study of Priests' Compensation in the Roman Catholic Dioceses of the United States, 2013 Edition*, National Federation of Priests' Councils.

- The 24 dioceses that agreed to be interviewed employ one of four models for providing long-term care coverage to their priests: traditional long-term care insurance, life insurance with a long-term care rider, self-insurance, and coverage on a case-by-case basis. Each model has advantages and disadvantages.
- Eleven dioceses prefer traditional long-term care insurance policies, which interviewees report is a popular model among the priests in their dioceses because they believe that these policies ensure that long-term care will be available when needed. Further, some dioceses prefer these plans because it is easier to plan and budget when premiums are a fixed cost. On the negative side, however, many dioceses report that they have had priests who were rejected by the carrier; others say the premiums are expensive and that they have paid a considerable amount of money into the policies but have seen little in pay-outs from the insurance carriers so far.
- Life insurance with long-term care riders are preferred by two dioceses, both of which have fewer than 100 priests. These policies operate with the diocese as the beneficiary of the life insurance policies on its priests. Any money paid out for long-term care services is deducted from the amount the diocese receives upon his death. Since the dioceses are the policy holders, they pay the premiums. Advantages reported by the diocese include that the premiums are a fixed amount, priests are assured long-term care, and the diocese can use the monies awarded from the life insurance policies to care for other priests in the diocese and to pay future premiums. Like traditional long-term care policies, however, not all priests are accepted into the plan; one diocese decided not to include its older priests when it reviewed how high the premiums would be. Another interviewee felt that their policy is too new to determine if it will work out as the diocese expects it will.
- Eight dioceses are self-insured for their priests' long-term care needs, meaning the diocese sets aside a calculated amount of money into a fund or foundation to compensate for the anticipated long-term care needs of its priests. The dioceses earn interest on those set-aside funds and pay for priests' long-term care needs from those funds. All eight of the dioceses using this model have more than 100 priests. Advantages reported by interviewees include the fact that all priests in a diocese are covered, that dioceses say they can better invest their monies and control administrative costs than insurance companies can, and that they can determine if a need for services exists better than insurance companies can. Negative aspects reported include that a single large expense (such as an organ transplant) in the early years of the program can deplete a diocese's funds, the difficulties experienced in correctly estimating how much money to collect every year to adequately cover present and future costs, and that projections of future funds are reliant on the stock market and economy, both of which are unpredictable.
- The three dioceses operating under a case-by-case model of long-term coverage have fewer than 100 priests. The interviewee for one of the dioceses wishes the diocese could afford insurance instead. He cites the difficulties the diocese has year-to-year in projecting how much will be needed as well as the difficulties the diocese sometimes experiences coming up with funds when they are needed. The second diocese operating under this model also found insurance prohibitively expensive and so the diocese pays for

all of its priests' long-term care needs out of pocket. The interviewee for that diocese projects that the diocese will have adequate funds for the immediate future, but worries about the longer-term future. A third diocese operating under this model expects the priests' families to ensure their needs are met in retirement and would only help a priest with long-term care needs if he approached the diocese and asked for help because he had no money.

- Dioceses shared some lessons they have learned over the years. Lessons learned for each of the four models are described in the body of the report. More general suggestions include these:
  - The earlier priests are enrolled in insurance policies, the lower the premiums will be in the long run.
  - Sometimes not having your priests enroll in the plan until a certain age can be a cost-effective measure.
  - Setting the program up correctly in the beginning is important because changes later can often meet resistance.
  - Diocesan staffs should have a person dedicated to the care of retired and ailing priests.
  - Dioceses should do a review every three to five years to ensure that they are getting the best package available.
  - Dioceses need to better educate their priests about retirement.

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***Diocesan Provisions of Long-term Care Services for Priests***

**Introduction**

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Appendix A shows the interview protocol used for the telephone interviews. Appendix B provides a summary of each of the phone interview conversations.

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<sup>3</sup> Mary L. Gautier and Carolyne Saunders, 2013, *Diocesan Provision of Retirement Services for Priests*, Center for Applied Research in the Apostolate at Georgetown University.

<sup>4</sup> Mary Jo Moran and Toru Sakaguchi, 2013, *The Laborer Is Worthy of His Hire: A Study of Priests' Compensation in the Roman Catholic Dioceses of the United States, 2013 Edition*, National Federation of Priests' Councils.

## Part I: Diocese Size and Type of Long-term Care Coverage

This section of the report provides a brief overview of responding dioceses, with a focus on the number of priests, the dioceses' geographic location, and the long-term care coverage they provide their priests.

### Size of Active and Retired Presbyterates

Responding dioceses have, on average, 94 active diocesan priests and 41 semi-retired and retired priests. On average, three in ten priests in the diocese are semi-retired or retired.

<b>Number of Priests in Responding Dioceses</b>				
Descriptive statistics				
	<b>Mean</b>	<b>Median</b>	<b>Minimum</b>	<b>Maximum</b>
Active diocesan priests	94	81	24	278
Semi-retired and retired diocesan priests	41	31	11	136
All priests	135	107	36	414

Responding dioceses range from 36 to 414 diocesan priests. More than half (54 percent) have a total of more than 100 active, semi-retired, and retired priests.

<b>Size of Presbyterate</b>		
<b>Total Number of Priests</b>	<b>Number of Dioceses</b>	<b>Percentage of Dioceses</b>
1 to 50 priests	2	8%
51 to 100 priests	9	38
101 to 150 priests	5	21
151 to 200 priests	4	17
201 to 250 priests	1	4
251 to 300 priests	1	4
301 or more priests	2	8

When purchasing a group policy, the larger the number of persons a diocese is buying for, the lower the price per person insured will be. Because all of the dioceses interviewed tried to buy insurance for all or most of their priests, not just their retired or their active ones, the total

number of priests is the more useful measure, and the one that will be presented for any comparisons by size of presbyterate.

Responding dioceses are located in all four U.S. Census regions, with nearly four in ten located in the West.

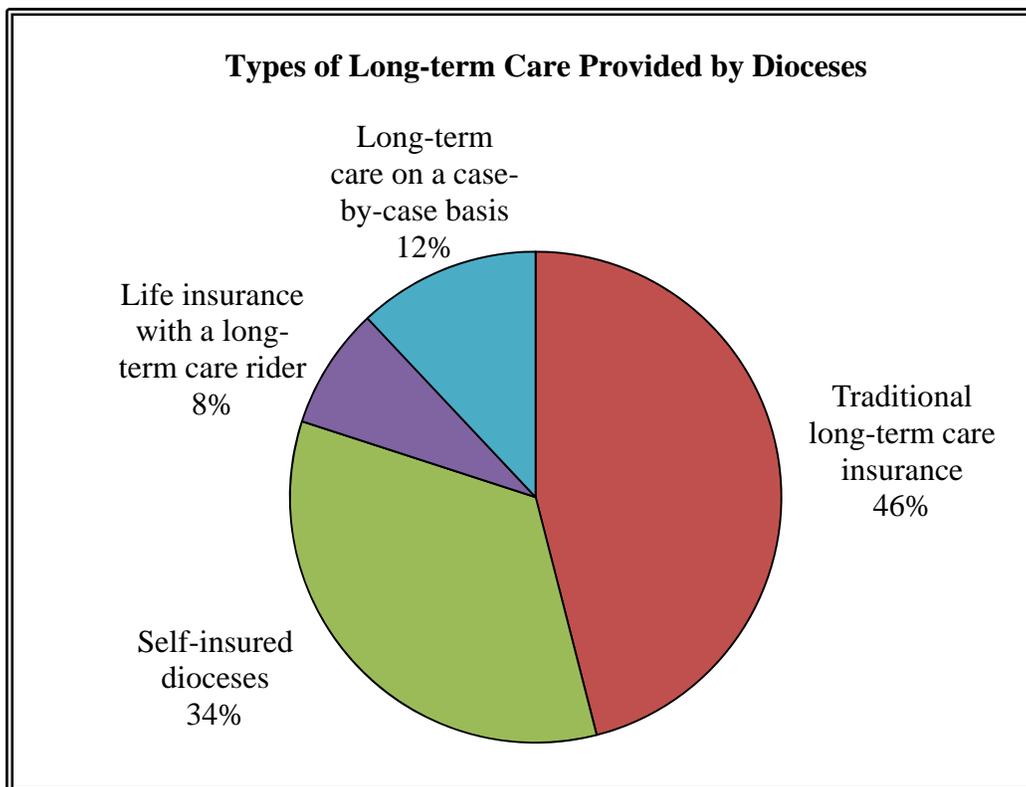
<b>Census Regions of Dioceses</b>		
<b>Census Region</b>	<b>Number of Dioceses</b>	<b>Percentage of Dioceses</b>
West	9	38%
Midwest	6	24
South	5	21
Northeast	4	17

## Type of Long-term Care Coverage

Interviews with these dioceses revealed that their coverage can be classified into one of four types of long-term care for their active, semi-retired, and retired priests:

- Traditional long-term care insurance
- Life insurance with a long-term care rider
- Self-insured dioceses
- Long-term care on a case-by-case basis

Nearly half of the dioceses surveyed provide traditional long-term care insurance to their semi-retired or retired priests. Close to one in ten provide a life insurance policy with a long-term care rider.<sup>5</sup> A third of the dioceses interviewed are self-insured. Another tenth provides long-term care on a case-by-case basis.



<sup>5</sup> One diocese still provides traditional long-term care for some priests but has had a policy in recent years that all priests be enrolled in life insurance policies with a long-term care rider. That diocese is included in the life insurance with a long-term rider category, as that is their preference for the diocese's future long-term care needs.

The table below presents the U.S. Census regions and number of priests in each of the responding dioceses. Dioceses with any type of long-term care insurance are particularly likely to be located in the West, with Midwest dioceses heavily represented among the self-insured dioceses.

**Regions and Size of Presbyterates, by Types of Long-term Care Coverage**

<b>Diocese</b>	<b>Census Region</b>	<b>Active Priests</b>	<b>Semi-retired &amp; Retired Priests</b>	<b>Total Number of Priests</b>
<i>Traditional Long-term Care Insurance</i>				
Diocese A	West	42	15	57
Diocese B	South	51	13	64
Diocese C	Midwest	45	13	58
Diocese D	West	109	42	151
Diocese E*	West	24	9	33
Diocese F	West	54	44	98
Diocese G	Northeast	249	95	344
Diocese H	West	45	23	68
Diocese I	Northeast	118	62	180
Diocese J	Midwest	82	48	130
Diocese K	South	41	11	52
Diocese L	South	201	88	289
<i>Life Insurance with a Long-term Care Rider</i>				
Diocese M	West	27	32	59
Diocese E	West	24	9	33
<i>Self-insured</i>				
Diocese N	Northeast	278	136	414
Diocese O	Midwest	150	56	206
Diocese P	Midwest	82	25	107
Diocese Q	Midwest	110	71	181
Diocese R	South	87	23	110
Diocese S	Northeast	79	27	106
Diocese T	Midwest	87	44	131
Diocese U	West	117	45	162
<i>Long-term Care on a Case-by-Case Basis</i>				
Diocese V	South	62	15	77
Diocese W	Midwest	63	29	92
Diocese X	West	45	25	70

\*Diocese E still has some traditional long-term care insurance policies from its past but prefers its life insurance with a long-term care rider policy for all future enrollees.

While dioceses with traditional long-term care insurance range from very small (33 priests) to very large (344 priests), all dioceses opting for life insurance policies with a long-term care rider or for handling their long-term care needs on a case-by-case basis have presbyterates of 100 or less. Self-insured dioceses, on the other hand, are very likely to have presbyterates of more than 100 priests.

<b>Size of Presbyterate, by Preferred Type of Coverage</b>				
<i>Number of dioceses in each category</i>				
<b>Number of Priests</b>	<b>Self-Insured</b>	<b>Traditional Long-term Care Insurance</b>	<b>Life Insurance with a Long-term Care Rider</b>	<b>Handled on a Case-by-Case Basis</b>
1 to 50	0	1	1	0
51 to 100	0	5	1	3
101 to 150	4	1	0	0
151 to 200	2	2	0	0
201 to 250	1	0	0	0
251 to 300	0	1	0	0
301 or more	1	1	0	0

## **Part II: Analysis of Types of Long-term Care Coverage**

This section describes each of the types of long-term care provided by dioceses separately. The experiences of the dioceses as well as the advantages and disadvantages of the type of care provided are also described.

### **Dioceses with Traditional Long-term Care Policies**

For the purposes of this study, traditional long-term care insurance is defined as an insurance product designed exclusively to help pay the costs of long-term care for those not able to perform the basic activities of daily living, such as bathing, dressing, eating, toileting, walking, or getting in or out of a bed or chair. A traditional policy, then, is a separate product from other kinds of insurance offered, such as life insurance or health care insurance.

Twelve of the dioceses in this study have priests enrolled in traditional long-term care insurance with eight different insurance carriers. Tables 1a and 1b on the following pages provide summaries of the dioceses with insurance carriers and their satisfaction with those carriers. A deeper discussion of those experiences follows the tables.

**Table 1a: Aspects of Long-term Care (LTC) Insurance Coverage for Dioceses**

<b>Diocese</b>	<b>Type of Policy</b>	<b>Size of Presbyterate</b>	<b>Carrier(s)</b>	<b>Average LTC Monthly Premium</b>	<b>How Funded</b>
Diocese A	Traditional group policy	57 priests	CNA	\$153	Parish assessments and bishop's annual appeal
Diocese B	Traditional group policy	76 priests	Genworth, John Hancock	\$166	Foundation for priests' benefits, investment incomes
Diocese C	Traditional policy with the plans individually owned	58 priests	Genworth, MetLife	\$83	Parish assessments into a Priest Retirement Fund
Diocese D	Traditional group policy	151 priests	John Hancock, Knights of Columbus	\$61	Bishop's Annual Appeal
Diocese E	Traditional LTC group policies & life insurance with LTC rider	33 priests	John Hancock, New York Life, Nationwide	\$165 to \$350	Parish assessments and bishop's appeal
Diocese F	Traditional group policy	98 priests	New York Life	\$100	Bishop's Annual Appeal & parish assessments
Diocese G	Traditional group policy	344 priests	SelectBlue	Interviewee unsure	Parish assessments
Diocese H	Traditional group policy	68 priests	UNUM	\$75 to \$150	Parish assessments
Diocese I	Traditional group policy	180 priests	UNUM	\$44	Annual appeal, parish assessments, investment incomes
Diocese J	Traditional group policy	130 priests	UNUM	\$36	Parish assessments
Diocese K	Traditional group policy	52 priests	UNUM	\$215	Parish assessments and diocesan budget
Diocese L	Traditional group policy	289 priests	UNUM	\$1,001	Parish assessments & a yearly second collection

**Table 1b: Aspects of Long-term Care (LTC) Insurance Coverage for Dioceses**

<b>Name</b>	<b>Year Started</b>	<b>Underwriting</b>	<b>Percentage Covered</b>	<b>Satisfaction with Policy and/or Carrier(s)</b>
Diocese A	2005	Minimal	100%	Satisfied, but wish LTC payments from CNA kicked in earlier than they do with fewer impediments
Diocese B	2003	Genworth denied some due to health issues	66%	Okay, but interviewee believes self-insurance would be a better fit for the diocese
Diocese C	1993 for Genworth & MetLife	Genworth denied some, MetLife picked others up, age 40	93%	Yes, but realize rates much higher today, so glad they got into program when they did
Diocese D	2004	Minimal physical exam and medical records, age 40	90%	Yes, although some priests did not embrace the idea of becoming Knights of Columbus initially
Diocese E	Interviewee unsure	Extensive form	65%	Not with John Hancock or New York Life, so moved to Nationwide life insurance with a LTC rider
Diocese F	1993	Physical exam	97%	Satisfied
Diocese G	2001	Minimal	100%	Satisfied with SelectBlue policy and priests pleased with small co-pays
Diocese H	1989	Age requirement	100%	Satisfied with UNUM
Diocese I	1997	None, but two opted out	99%	Satisfied, but find it expensive
Diocese J	2001	Some priests rejected for age and health	100%	Satisfied with UNUM, but wish they could make changes to policy; cannot because UNUM no longer offers LTC coverage
Diocese K	2003	Profile taken, but no physical or application	100%	Satisfied with UNUM
Diocese L	2008	Only took active priests, no retired priests	Interviewee unsure	Satisfied with UNUM

## **How These Dioceses Came to Have Their Current Long-term Care Providers**

Some of the interviewees were able to describe the circumstances that resulted in the decision of the diocese to select a particular long-term care insurance provider(s).

### *Diocese A – CNA*

Diocese A made the decision to find and purchase long-term care insurance in 2004. They chose CNA principally because CNA offered them the option of enrolling lay employees. The diocese does not pay the premiums for its lay employees, though, and at present only one lay employee has opted to enroll.

### *Diocese B – Genworth and John Hancock*

When asked why the diocese has two carriers, the interviewee for Diocese B said it was because the diocese had become dissatisfied with its John Hancock coverage. Few priests had ever used the coverage even though they had paying into the policy for years. In addition, as the priests aged, John Hancock kept raising the premiums. So, in 2003, they went shopping for a less expensive and more stable plan. Genworth offered a plan with a \$2,000 per year premium for life. They are enrolling all new priests in that plan as having a known cost is much better for diocesan budgeting.

### *Diocese C – Genworth and MetLife*

At the time Diocese C began shopping for a long-term care insurance policy, the interviewee reports that they always seemed to have one or two priests in nursing homes or other facilities. When the diocese ran the numbers, it turned out it was cheaper to cover all of the priests' premiums in the whole diocese with a policy from Genworth than to pay for the nursing homes out of pocket. They began what the interviewee called the "hybrid plan" in 1993, so called because it has individually-owned policies (owned by each priest) for which the diocese pays the premiums. Priests apply to be accepted into the program when they are age 40. However, some priests have been denied coverage due to health issues like diabetes. The diocese then shopped for an insurance company that would cover those priests denied coverage by Genworth and found MetLife, which covers two priests at the present time.

### *Diocese D – John Hancock and Knights of Columbus*

Before Diocese D adopted insurance policies for health care in 1998, its priests paid for their own health care and long-term care. The Retirement Board of Directors, however, considered covering priests to be a justice issue and took it up with the bishop. Health insurance came first in 1998, with the priests paying their Medicare premiums and the diocese making up the difference in supplemental insurance. Long-term care was harder to convince the bishop of the need for, as he believed that Medicaid was good enough. However, he came around on the issue. One thing that persuaded him was that Medicaid-approved facilities can be far away in a mission diocese like Diocese D. Some priests had to move 300-400 miles away to a facility, far from any family or other support. The diocese started its plan with Knights of Columbus in

2004. When age restrictions prevented some priests from enrolling in the plan, the diocese also turned to John Hancock.

#### *Diocese E – John Hancock and New York Life*

Diocese E has covered most of its retired priests through John Hancock, its first carrier, or New York Life, its second carrier. Currently, all new priests are being enrolled in a Nationwide policy that features life insurance with a long-term care rider. The diocese prefers that life insurance/long-term care combination, finding it a better fit for the diocese.

#### *Diocese F – New York Life*

Diocese F had been paying out of pocket for long-term care for its priests until about 1992 or 1993. They moved to an insurance policy because one of their financial officers thought it a good move, due to the increased number of aging priests. He wanted to minimize the risk of the diocese having too much out of pocket expense as the priests' average age increased.

#### *Diocese G – SelectBlue*

The diocese had been paying for the health and long-term care needs out of its Benefits Plan. When priests required nursing home care though, the diocese discovered that it was taking quite a hit financially, and that it would soon deplete the priest retirement fund. A diocesan priest took it upon himself to investigate what options were out there and discovered SelectBlue. As the plan accepted all the priests, the diocese adopted the plan in 2001.

#### *Dioceses H to L – UNUM*

Five dioceses have UNUM as their sole long-term care carrier. Diocese H began insuring its priests through UNUM in 1989. It had been paying for priests' medical and long-term care out of pocket before that time.

Diocese I had no health or long-term care insurance until 1997. The diocese was usually paying for six or seven priests requiring nursing home care and they found it quite costly. A priest group was convened to investigate options and UNUM is what they recommended.

Diocese J had no coverage before 2001, when it enrolled its priests in a long-term care policy with UNUM. The interviewee reported that the people who made the decision are no longer with diocese, so she was not sure about the history of the decision.

Diocese K began their coverage with UNUM in 2004. The diocese had been receiving coverage from another carrier, but found the UNUM coverage to be a better value.

Diocese L had found being self-insured to be a difficult course, as it was difficult to predict and budget for costs for the year. The diocese also found it was incurring costs like \$90,000 per year per retired priest in a nursing home. Finally, it worried that the ratio of retired priests to active priests was growing larger and larger. The diocese moved from being self-

insured to the UNUM policy in 2008. Lay diocesan employees were also invited to participate if they wanted to purchase a policy, which was a factor in their decision to go with UNUM.

### **Enrollment and Coverage of Priests**

This section describes how priests are enrolled in the plans, what percentage of all priests are covered, and how priests with no coverage are provided long-term care.

#### *Diocese A – CNA*

Diocese A's priests are accepted into the plan at ordination or incardination. When they signed up in 2004, however, CNA rejected two of their priests. The diocese decided to fund their long-term care needs separate from the others. Those two priests have since died, so now 100 percent of the diocese's priests have coverage.

#### *Diocese B – Genworth and John Hancock*

Sixty-five percent of Diocese B's priests have long-term care coverage, with the diocese paying 95 percent of the premiums and the priests paying the other 5 percent. The diocese no longer has its new priests apply to the John Hancock policy, although 30 percent of its priests are still enrolled in the program. The diocese prefers the Genworth policy, with priests applying for enrollment at age 50; 36 percent of its priests are enrolled with that policy. Due to underwriting criteria, nine of their currently active priests have been denied coverage by Genworth due to health issues such as diabetes. For those nine priests, the diocese has set aside a reserve, which they fund with the money they would have put into Genworth premiums. When and if those priests need long-term care, the diocese will draw from the reserve fund for their care.

Diocese B, however, currently has no priests using the long-term care services offered. This is largely due to the generosity of some active priests. With so few priests in the diocese, the priests all know each other well, the interviewee reported. About four priests at present have been invited by parish pastors to move into a rectory with an active priest once they reach the point where they need help with their activities of daily living. The active priests assure them that they will take care of them, and the ailing priests have accepted. The staff member reported that priests have started coming to expect that kind of help from their brother priests.

#### *Diocese C – Genworth and MetLife*

Priests in Diocese C have individually-owned policies. They apply to enroll in Genworth's policy at age 40. The interviewee reports that the diocese is satisfied with the age of enrollment, as it helps them to control costs. That said, Diocese A has had a few priests develop healthcare needs prior to age 40, which the diocese then paid for. The diocese sees it as a manageable expense, so it still seems a sensible policy, the interviewee reported.

A few Diocese C priests have been rejected due to health issues such as diabetes. MetLife offered to cover those priests and so two priests currently own MetLife policies. The diocese was pleased to find a carrier who would cover the two priests and now has 93 percent of its priests covered. The remainder have not yet reached the age of enrollment.

### *Diocese D – John Hancock and Knights of Columbus*

Priests in Diocese D apply for coverage from the Knights of Columbus when they are between the ages of 40 and 74 and/or when they are ordained or incardinated. Besides these age parameters, Knights of Columbus also requires a minimal physical exam, a review of their medical records, and a brief interview. The diocese pays the monthly premiums of \$61. As such, not all priests have been accepted, including 15 rejected when the diocese started their policy with the company in 2004. The diocese successfully applied to have some of those priests enrolled into a John Hancock policy. The diocese handles those cases of priests that are denied coverage by Knights of Columbus individually. If a priest who needs long-term care has adequate funds, the diocese does not pay for his long-term care. For those in need, the diocese draws from a reserve retirement fund they have. At present, 90 percent of priests are covered now, with all premiums paid by the diocese.

### *Diocese E – John Hancock and New York Life*

Most of the covered priests in Diocese E are insured by New York Life, their first insurance carrier, or John Hancock, their second carrier. However, all new priests brought in are covered by the life insurance policy with a long-term care rider provided by Nationwide, which will be discussed in the next section. At present, 65 percent of the priests have long-term care coverage. The interviewee was relatively new to the diocese and so could not tell of the underwriting for the New York Life or Hancock policies.

### *Diocese F – New York Life*

When Diocese F started their policy with New York Life in 1993, only active priests were eligible for the program and none of them were rejected. Priests are now required to have a physical exam, and 97 percent of priests are covered. Three priests at present have been rejected due to their smoking, being overweight, or having a pre-existing condition. Those three priests, the only priests without coverage at present, are covered by the diocese on a case-by-case basis.

### *Diocese G – SelectBlue*

Diocese G's priests are enrolled when ordained or incardinated. The interviewee described the underwriting for the policy as "minimal." One hundred percent of its priests have been accepted into the SelectBlue plan.

### *Dioceses H to L – UNUM*

When Diocese H started its policy with UNUM in 1989, only priests under a certain age (the interviewee cannot remember if it was 65 or 68) were accepted into the policy. All priests since have been accepted, with three priests from that era still alive, making for 96 percent of priests covered. The diocese pays for the long-term care needs of uninsured priests out of diocesan reserves.

Diocese I started their policy with UNUM in 1997 and until recently 100 percent of their priests had been enrolled in the program. Recently, two priests opted out of the program. One had opted out of the program for personal reasons but would not say to the interviewee what those reasons were. The other is a young priest who accidentally opted out of the plan. He regretted doing so, but the interviewee said that UNUM would not reinstate him into the diocese's plan.

When Diocese J started its policy in 2001, UNUM rejected some priests due to their not meeting their age and health criteria. The diocese did not cover the long-term care needs of those priests who were rejected and at present, all of those priests have died. UNUM accepts all priests now at their ordination or incardination, so all current priests are enrolled. In addition, priests have the option of increasing their coverage at their own expense.

Since 2004, Diocese K's priests enroll in the UNUM policy at ordination or incardination. A profile of the priest is taken at that time, but no physical or application is required. Because it is a group policy, the interviewee reported that no priests have been denied coverage. Lay employees of the diocese may enroll also, but for them it is a self-pay system.

Retired priests were not accepted into the UNUM plan when Diocese L started its UNUM policy in 2008; the diocese covers those priests' long-term care needs as needed. Since then, all priests are automatically enrolled when they are ordained or incardinated, the interviewee reports. They remain enrolled until they retire, at which point they can opt out of the plan. Two priests have opted out. She described one of those two as having opted out because he wishes to be in solidarity with the parishioners he has served, many of whom are poor. As such, he will deplete his resources so that he will be eligible for Medicaid.

## **How Dioceses Fund the Premiums**

Dioceses fund the long-term care premiums mainly through assessing the parishes and other organizations at which their priests work, their Bishop's Appeal, second collections in parishes, and investment incomes. Many dioceses funnel these funds into a priest retirement fund or foundation.

As was mentioned in the previous section, some dioceses with priests who lack coverage invest the money they would have paid for insurance premiums into a reserve fund to cover future long-term care services for those uncovered priests.

## **Satisfaction with Traditional Long-term Care Insurance Providers**

Below, interviewees provide their perspectives on how satisfied they are with their carriers and policies. Because two dioceses also used Catholic Mutual Group until recently, a discussion of it is included as well.

## *Catholic Mutual Group*

Although no dioceses were currently using Catholic Mutual Group for their priests' long-term care needs, two of the responding dioceses (Dioceses P and Q) recently had moved out of their policies with the carrier, one within the first few months of 2014. In distinction from the more typical long-term care insurance plans, the two dioceses had been part of a five-diocese policy that most closely resembled a holding trust, as one staff member reports. When long-term care was needed under this policy, the diocese would inform Catholic Mutual to pay for the care.

Both of the dioceses ended up becoming self-insured instead. One of them dropped out on their own two or three years ago, while the other was approached by Catholic Mutual about dissolving the policy when three of the original five dioceses dropped out. The diocese that dropped out reported that they did not believe that the fund had sufficient funds to make it in the long-run, enough for "the last priest," as he put it. The other diocese, which was prompted to drop the policy by the carrier, wished the diocese had dropped out of it earlier. Catholic Mutual earned them only 2 to 3 percent per year, while their own investments of those funds are yielding them 12 to 13 percent.

A review of the organization's website indicates that it does still offer long-term care coverage.

## *CNA*

Two dioceses reported their level of satisfaction with the carrier CNA, Dioceses A and O, the latter becoming a self-insured diocese after it terminated its CNA policy.

One of the two interviewees from Diocese A was more satisfied with the diocese's CNA policy than the other. The satisfied staffer reported that both the priests and the diocese are pleased with the plan and wish to continue with it. She only wishes that to control costs the diocese had set up the policy where priests enroll only when they reach a certain age instead of immediately at ordination or incardination.

The other Diocese A interviewee, however, expresses frustration with CNA. He reported that it has been difficult for some priests that have needed assistance with daily living to qualify for three of the criteria demanded by the carrier. One priest, he gave as an example, had not qualified for long-term care payments until the last three months of his life even though he had needed it for the three previous years. He had proposed that the diocese move to a self-insurance model, but found that the priests in the diocese put up resistance to the idea.

The diocese that dropped their CNA policy 20 years ago, Diocese O, had been dissatisfied with the coverage it provided. The diocese had paid a considerable amount of money into the policy for seven years before making their first claim, the interviewee reported. At that point, the company announced to the diocese that it would no longer accept any more priests into the plan. They also were dissatisfied because they did not have a large enough number of priests to get what the diocese considered an affordable group plan. A final complaint was that the carrier had excluded some priests right from the start and continued to cover only the priests who

were not high risk. The diocese, however, wanted all of its priests covered. That diocese considered its options and moved to become a self-insured diocese instead.

A review of CNA's website indicates that it still offers traditional long-term care insurance policies.

#### *Genworth and John Hancock*

As was mentioned in the previous section, Diocese B had become dissatisfied with their John Hancock policy. Few priests had ever received any payments from that policy, despite the diocese paying into it for years. Also, as the priests aged, John Hancock kept raising the premiums. So, in 2003, they went shopping for a more stable plan and found the Genworth one, which has a fixed premium for life. The diocese is more satisfied with that plan.

Even so, if the interviewee could do it all again, he would suggest the diocese go with a self-insured model. He cited all of the money the diocese had paid into the policies with few returns, money that would have been better managed by the diocese. He estimated that the diocese would now have \$1,000,000 if it had put the monies into a fund, more than enough to provide long-term care for all of those priests who have needed it. He also complained about how the insurance companies operate: they make you jump through many hoops to get the benefits because it is to their benefit if the diocese pays for the care while they are deciding. He gave the example of a priest who needed nine months of long-term care before he died. It took three months before the insurance company agreed to pay for the services, so the diocese ended up funding three months of it and only received six months of coverage for that priest after having paid into it for all those years.

One reason the diocese has not made the change is because they feel like they have paid so much into it. So, he reports, the diocese will stick with it to get their money back in insurance pay-outs. He described it as a "sunk cost" though, by which he meant that they are putting forth good money after bad money even though they realize it is not worth it to continue paying the premiums. All in all, the interviewee believes the diocese would be better off now if they had assumed the risk instead of the insurance companies. So, if he had his way, the long-term care of the priests would be covered by self-insurance like the health care needs of the diocese's priests already are.

A review of their websites indicates that both Genworth and John Hancock still both offer traditional long-term care insurance.

#### *Genworth and MetLife*

The interviewee is pleased that all priests in the diocese age 40 or more have coverage. In addition, because the diocese started with Genworth in 1993, she is pleased that the premiums are so low. If applying for the same plan now, she reports, the program would be much more expensive. Finally, since Genworth denied coverage to two priests, the diocese enrolled those priests in a MetLife policy, which the diocese is pleased with as well.

A review of their websites indicates that both Genworth and MetLife still both offer traditional long-term care insurance.

#### *John Hancock and Knights of Columbus*

The interviewee for Diocese D reports that the diocese as well as the priests on the Retirement Board are pleased with the care they receive from their Knights of Columbus policy. Priests initially had expressed some resistance to having to join the Knights of Columbus to enroll in the plan, mostly due to the amount of time that process required. That resistance was short-lived, however, and those priests did become Knights.

The interviewee expressed neither satisfaction nor dissatisfaction with the John Hancock insurance, although the diocese was relieved John Hancock accepted those priests rejected by Knights of Columbus.

A review of their websites indicates that both John Hancock and Knights of Columbus still offer traditional long-term care insurance.

#### *John Hancock and New York Life*

Diocese E was dissatisfied with the value of their John Hancock and New York Life policies, and so moved to a life insurance policy for each priest with a long-term care rider with Nationwide. That policy will be described in the following section of the report. As it was their preferred policy, the interviewee focused on the Nationwide policy rather than these traditional plans.

#### *New York Life*

The interviewee from Diocese F reports that he and the diocese are satisfied with their policy with New York Life. It is important to the diocese that all of the priests of the diocese are covered and the diocese has found the premiums affordable.

A review of its website indicates that New York Life still offers traditional long-term care insurance.

#### *SelectBlue*

Diocese G reports being pleased with SelectBlue and has had no issues getting priests their benefits. Priests also appreciate how small the co-pays are for services and the personal touch of the diocese. The diocese is small enough that the interviewee meets with all the retired priests at least once a year, and someone from the diocesan offices visits the retired priests more often than that.

A review of its website indicates that SelectBlue still offers traditional long-term care insurance.

## *UNUM*

Diocese H reports that the diocese is able to afford the premiums from their UNUM policy and that the diocese is satisfied with the carrier.

The interviewee from Diocese I reports that while the diocese is pleased with the coverage UNUM provides, costs are exceeding income for the program and so it is running a deficit. The diocese is trying to fix the problem, but has run into roadblocks. The priests believe the current coverage is fair, and so resist any changes to the program. To increase revenues for the program, they raised parish assessments last year. However, that move provoked a lot of backlash, as many parishes are in a financial bind. Since revenue increases seem to be a dead-end, she believes they will have to cut costs somehow, but realizes that the issue is a very sensitive one.

Diocese J reports that UNUM delivers the coverage they promise and that the diocese is satisfied with the policy. The diocese has some dissatisfaction, however, because UNUM no longer offers long-term care and therefore they cannot modify their policy in any way. As such, they cannot add coverage in the future should they desire to do so.

The interviewee for Diocese K reports that the diocese is very satisfied with UNUM. Even so, the diocese still plans to continue doing a review every four or five years and to bring in bids from other carriers to make sure that it is still the best fit for the diocese. In addition, the diocese likes knowing what the premium outlay will be every month instead of having to estimate it like they do for their self-insured health care plan.

Diocese L is satisfied with its UNUM policy. The only change it would have made was to move to an insurance carrier earlier than it did, as the pay-as-needed model they had been operating under had not been successful.

As was noted earlier, UNUM no longer offers a traditional long-term care policy.

## **Summary of Lessons Learned**

As part of the purpose of this study is to discern exemplary practices among dioceses, interviewees were asked what lessons they had learned from their experiences with providing long-term care for their priests. Those lessons mentioned by at least two dioceses providing traditional long-term care insurance appear below:

- Try to find a carrier that will likely continue offering long-term care for the foreseeable future as it is difficult to modify a policy once the carrier stops offering long-term care and grandfathers your policy in.
- Start policies as early as possible as they only tend to get more expensive for the same coverage the longer a diocese waits.

- Set the plan up as well as possible from the start as proposed changes can meet resistance from priests and from the parishes that are assessed.
- Self-insurance can be a better alternative for some dioceses than insurance policies, especially if the diocese can manage those funds and yield a better investment return than they feel the carrier has.
- Dioceses should have someone on staff dedicated to retired priests and to the health care needs of the priests. That staff person should visit the retired priests on a regular basis if possible.
- Waiting until a certain age before enrolling priests in the policy can save the diocese money as younger priests are less likely to require long-term care.

Additional lessons, mentioned by only one diocese providing traditional long-term care insurance each, include:

- A diocese should do a review every four to five years to make sure its policy is still the best fit for the diocese.
- Traditional long-term care policies might not be the best fit for all dioceses, so they should investigate plans like life insurance with a long-term care rider.
- Dioceses need to look at who is licensed to offer insurance in a state as some insurance companies with good long-term care deals might not be licensed in every state.
- Insurance premium increases have to be approved by a state insurance commission, so premiums cannot just be raised randomly as one diocese's bishop had worried.
- Dioceses should think of long-term care as a long-term project. If a diocese has priests enroll when younger, the premiums are lower to begin with and stay lower than they would be if that person were enrolled later.
- If premiums are at a fixed cost, they go down as a percentage of the budget over time.
- Dioceses should educate their priests about retirement issues and what to expect when they retire. For example, priests should be shown how to buy additional coverage or, alternately, how to deplete their resources adequately to qualify for Medicaid.

## Dioceses with Life Insurance Policies for Priests with Long-term Care Riders

Two dioceses have purchased a kind of long-term care insurance that appears to have first appeared on the market in the past decade. It is a hybrid product: life insurance being the primary insurance, coupled with a long-term care rider whose payout is an acceleration of the life insurance death benefit. Two dioceses have enrolled in such a hybrid plan, one as its only long-term care insurance and the other gradually moving all of its priests to this plan in the future. Both dioceses have fewer than 60 priests and are located in the western part of the United States. Those dioceses' experiences with this plan are described after the table below.

<b>Characteristics of Dioceses with a Long-term Care Rider on Life Insurance</b>				
<b>Diocese</b>	<b>Census Region</b>	<b>Active Priests</b>	<b>Semi-retired &amp; Retired Priests</b>	<b>Total Number of Priests</b>
Diocese E	West	24	9	33
Diocese M	West	27	32	59

### How Dioceses Came to Have Their Current Long-term Care Providers

As was discussed in a previous section, Diocese E had traditional long-term care insurance from both New York Life and John Hancock. This diocese moved to a life insurance policy with a long-term rider because it determined that would be a better deal for the diocese in the long run. Under the Nationwide policy, if a priest never requires long-term care services, the full amount of the life insurance policy is paid to the diocese. If some long-term care services were used, the amount spent for long-term care services would be deducted from the life insurance settlement to the diocese.

Diocese M did not have long-term care insurance until five years ago, when it decided to enroll all of its priests in a Nationwide life insurance policy with a long-term care rider. The decision to do so was influenced by the interviewee and other priests on the Clergy Benefit Society who pushed for it after watching two or three destitute priests struggle after retirement. Those priests had expected to be taken care of by religious sisters or by parishes, but instead had to deplete all of their resources to go on Medicaid. The interviewee used his positions as chair of that Clergy Benefit Society as well as his other diocesan positions to advocate for this new arrangement. Each life insurance policy is for \$100,000.

### Enrollment of and Coverage of Priests and Underwriting

Most of Diocese E's retired priests<sup>6</sup> are currently covered through their New York Life policy, with some others covered by their second insurance carrier, John Hancock. Altogether,

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<sup>6</sup> Diocese E had a unique way of counting its retired priests in the 2013 CARA survey. Of the 12 priests alive who have retired from the diocese, nine were still in the diocese and so were included in the count. The other three have moved out of the diocese and have cut off ties, so they are no longer covered by or counted by the diocese.

65 percent of Diocese E's priests have long-term care coverage at present.<sup>7</sup> Priests apply for coverage when they become incardinated into the diocese, filling out extensive forms. That said, the interviewee reports that the diocese sometimes brings in some foreign priests to serve for a term but never become incardinated.

Diocese M decided the premiums for priests over age 70 were too expensive for the diocese to assume. In addition, Nationwide required a check-up and rejected three priests due to issues with their weight. Consequently, only 60 percent of priests in the diocese are currently covered. The diocese has not made arrangements for covering those priests not included in the Nationwide policy. The interviewee described some older priests in the diocese who have alternate sources of income. He also mentioned that older priests in the diocese tend not to go into nursing homes but remain independent. He gave the example of a priest who is currently 102, who had been living independently until very recently.

### **How Dioceses Fund the Premiums**

The interviewee for Diocese M estimated that the monthly premiums for young priests are \$225, with the premium for older priests about \$900 per month. As it is the diocese who has taken out the policies, it pays the premiums, coming out of the diocesan budget every year. If a covered priest requires long-term care services, that is paid out by Nationwide, taking away from the \$100,000 the diocese will eventually collect when the priest dies. The diocese plans to invest the amount it is awarded after a priest's death into a diocesan fund whose sole function is paying for priests' long-term care needs. As of yet, no covered priests have died and no covered priest has needed long-term care services.

Currently, all new priests ordained or incardinated into Diocese E are brought in through Nationwide. The highest premium right now is about \$350, the lowest about \$165, all paid by the diocese. Some were rejected when the diocese applied for the policies due to health reasons.

### **Satisfaction with a Long-term Care Rider on Life Insurance**

While the interviewee for Diocese M reports that the diocese is pleased that the arrangement with Nationwide will allow it to avoid in the future cases like the destitute priests described above, he is still wary about declaring it a success. Right now, he reported, the diocese is putting out a lot of money but has not collected anything, either on the long-term care or the life insurance sides. That has made the transition stressful, with them wondering if they did the right thing. Would having established a fund that all of those premiums have gone into have been a better route for the diocese? He is not sure. As of now, they have put about \$350,000 into it. So, he will feel more confident once the diocese uses the policies and they do work as planned.

The interviewee for Diocese E, on the other hand, believes the diocese has made the right choice in going with a combination of long-term care and life insurance. He wishes the diocese had done so earlier than it did.<sup>8</sup>

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<sup>7</sup> That percentage contradicts the 27 percent the diocese had written in response to the 2013 CARA survey.

<sup>8</sup> A brief review of financial websites found some negatives with such combination policies, including these: (1) the amounts paid for long-term care tends to be smaller than many traditional plans and will likely only last one to two

## **Summary of Lessons Learned**

Diocese M declined to share any lessons learned at present, as he is not ready to declare that they have gotten it right until he sees the policy actually work as planned.

Diocese E had no lessons to share.

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years maximum, and (2) the policies often do not have inflation measures included, which could especially be problematic for the younger priests in the diocese.

## Dioceses That Are Self-insured for Long-term Care

Eight dioceses in this study describe themselves as self-insured. For the purposes of this study, self-insurance for long-term care can be defined as a risk management method where a diocese sets aside a calculated amount of money into a fund or foundation to compensate for what they anticipate the future long-term care needs of their priests to be.

<b>Characteristics of Presbyterates in Self-insured Dioceses</b>				
<b>Diocese</b>	<b>Census Region</b>	<b>Active Priests</b>	<b>Semi-retired &amp; Retired Priests</b>	<b>Total Number of Priests</b>
Diocese N	Northeast	278	136	414
Diocese O	Midwest	150	56	206
Diocese P	Midwest	82	25	107
Diocese Q	Midwest	110	71	181
Diocese R	South	87	23	110
Diocese S	Northeast	79	27	106
Diocese T	Midwest	87	44	131
Diocese U	West	117	45	162

### Why Dioceses Chose to Become Self-insured

All eight of the dioceses became self-insured for the long-term care needs of their priests mainly because they believe they can manage the monies and control administrative costs better than the insurance companies can.

Diocese N, for example, which has the largest presbyterate of all responding dioceses, made the decision to become self-insured in 2000, primarily to help control the increasing costs of providing long-term care for the priests. It had been paying for long-term care services out of pocket before that.

Diocese O reported that they had become frustrated with their insurance carrier, CNA, some 20 years earlier. Because it is a smaller diocese, it could not get a better rate because it did not have enough priests to qualify for such a rate. It had paid premiums for seven years before making its first claim for payment of benefits. At that time, CNA announced that it would not enroll any new priests into the policy. So, faced with having some priests not covered and paying more than they felt necessary, they moved to a self-insured system in 2001.

Two other dioceses, Dioceses P and Q, had been part of a different model of caring for priests' long-term care needs, described in an earlier section. Catholic Mutual had offered a package type of trust fund that it and four neighboring dioceses had partnered in creating. The policy was a straightforward one, with each diocese putting up an amount of money and having Catholic Mutual pay out to a long-term care provider when the diocese asked it to. However, three dioceses withdrew (including Diocese P) from the fund and Catholic Mutual approached

the remaining two dioceses (one of which was Diocese Q) and asked them to liquidate the policy.

Both dioceses believe that being self-insured is better than the Catholic Mutual arrangement they had. Both felt that their diocese made better investments than Catholic Mutual had. The one that had just moved out of that policy, for example, reported that they were making a 12 to 13 percent profit on their investments, whereas Catholic Mutual had been making only between 2 and 3 percent.

Diocese R moved to the self-insurance model in about 1999. They had worked with various carriers before that time, but self-insurance seemed the best value for their money.

Diocese S moved to self-insurance in 2009. Before that time, the diocese had been budgeting to pay for all of the insurance needs of its retired priests.

The interviewee for Dioceses T and U joined their dioceses too recently to be aware of the histories of how their dioceses came to be self-insured.

### **Extent of the Long-term Care Coverage Provided**

Because they are self-insured and make their own decisions about eligibility, all eight dioceses report that 100 percent of their priests who desire coverage<sup>9</sup> are covered. However, there are some significant differences among the dioceses in how coverage is provided.

Two of the dioceses, Dioceses R and S, have arrangements with facilities owned and operated by religious orders for the care of their priests, including long-term care. For these dioceses, the priests that meet their criteria can stay at the approved facilities and make no payments. Priests in those two dioceses who retire elsewhere can receive the equivalent of what the dioceses pay at those facilities. One of the dioceses assured the interviewer that the price they pay at their local facility is a fair one, and that priests in other parts of the country are able to find quality care at those rates.

Two other dioceses, Dioceses P and Q, have placed caps on the amounts priests can draw from the diocese, much like an insurance company would. For one diocese, priests can draw up to \$100 per day after meeting two of seven criteria. For the other, priests can draw a maximum of \$75 per day for long-term care whether they are in a facility or at their homes.

The interviewee for Diocese T also indicated that they have had to cap the amount paid for long-term care a few years ago. He gave as an example a retired priest who had decided to stay in his own home and have care provided there. At first, he just had someone come in for a few hours per day, and the diocese paid for that service. Soon though the priest required 24/7 nursing care, and the diocese funded that as well. Because he was too heavy for one person to lift, he then needed two persons to be there 24/7. After that experience, the diocese capped the amount at \$110,000 per year for such care.

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<sup>9</sup> One diocese has priests in various outside ministries, such as police chaplaincy, and those priests can opt to participate in their employers' plans should they choose to.

Diocese S sounds even more similar to an insurance company, with different rates for the levels of care they provide. In the past, the diocese had been paying for the insurance needs of its retired priests. However, it seemed unfair to the diocese that some retired priests had assets that they left to family members when they died while the diocese shouldered the expense of their care. As a result, they moved to a policy where the diocese pays from 10 to 60 percent while the priest still has assets. So, in 2009, Diocese S began offering four levels of care while the priest or retired priest still have any assets:

- The diocese pays 10-25 percent of in-home care
- The diocese pays 25 percent of the assisted living costs if in an assisted living care unit
- The diocese pays 50 percent of costs for nursing home care
- The diocese pays 60 percent of costs if in an Alzheimer's unit at a nursing home

When the priest has spent down all of his assets, Medicaid kicks in and the diocese then picks up 100 percent of the remainder of the costs not paid by Medicaid.

Diocese T also feels that their priests have been taking advantage of the diocese by keeping their pensions and social security while the diocese paid out so much money for their care. The interviewee lamented that while priests are in nursing homes and cannot be spending much money, they are still receiving their full pensions (about \$2,000 per month). As such the diocese will soon implement a policy where the diocese pays for care after the pension amount is taken into account.

Diocese N is willing to cover all of its priests' long-term care needs. However, priests are allowed to opt out of the program if their place of employment has a separate pension/benefits plan they wish to participate in, such as chaplaincies.

Diocese O allows the priests or the priests' families to choose the providers of their medical services, with the diocese evaluating those places before approving them. The diocese wishes it had started coordinating the benefits with priests' other income from the start. They found that they were paying the costs of the nursing home while the priests' pension and social security were going into a separate account. The priests tended not to spend the money as they did not need for anything when in the nursing home. In the end, those always-growing assets would go to "ungrateful nephews and nieces" when the priest died. As a result, the diocese changed to a coordinated benefit several years ago, despite protests from some priests, who claimed "the diocese is throwing us into the street." The coordinated benefit in that diocese means the priest has to use his pension and social security first, then the benefits from the diocese kick in.

## **How Dioceses Fund Self-insurance**

Generally, the way dioceses fund their self-insurance is similar to the way dioceses with traditional insurance policies fund theirs. Many dioceses rely on the monthly assessments charged to parishes and other places priests are employed, bishops' Annual Appeals and other capital campaigns, investment income, yearly diocesan collections for retired priests, bequests from wills, and priests' pension funds. In the case of the two dioceses that had been part of the trust fund at Catholic Mutual, they also took the money they liquidated when that arrangement ended.

One of the self-insured dioceses, Diocese P, had problems with their previous bishop not allowing them to put enough monies into their program to make it viable. However, their current bishop realized the need to make the program sustainable and has allowed them to add enough monies.

Diocese R has a cautionary tale for dioceses just starting their self-insurance, though. The diocese's fund for health care and long-term care was almost completely depleted when one priest required a liver transplant, costing the diocese about \$500,000 in all.

Dioceses P has an actuary firm that audits their plans to assess financial risk and helps the diocese with asset and liability management.

## **Satisfaction with Being Self-insured**

Like the other models presented, being self-insured has advantages and disadvantages. Interviewees at all of the dioceses expressed satisfaction with their decisions to be self-insured rather than have insurance policies with external providers. The advantages they listed include the following:

- All priests in the diocese are covered by the plan regardless of their age or current state of health.
- Dioceses can enroll and remove priests from the plan as needed, useful especially for priests who serve for a period in chaplaincies and other positions that have their own health care benefit plans.
- The diocese sets its own criteria for who merits treatment and who does not instead of having to meet the insurance companies' criteria.
- Dioceses felt that the long-term care their priests were receiving was of a high quality.
- The diocese can make arrangements with local care facilities for quality care at better rates.
- Dioceses report paying less money into the plan compared to what they would be paying insurance carriers.

- Dioceses are no longer paying premiums to insurance companies for years without receiving any pay-outs.
- Dioceses feel that they can control their administrative costs better than insurance companies can.
- Dioceses also report that they can invest their monies and receive a higher yield than insurance companies can.
- Because the diocese is the administrator of the program, it can designate staff whose primary responsibility is the care of retired and ailing priests in the diocese.

However, dioceses mentioned some problems and pitfalls with the self-insurance model as well, including:

- Relying on investment monies to fund the long-term care needs of priests can be risky, with, for example, investments in some dioceses not doing as well as expected in recent years.
- Feeling taken advantage of by their priests when the priests' incomes were not coordinated with their pensions and social security payments.
- One bishop had not followed the advice of their financial planners and did not let the program become viable.
- One unexpected need, especially in the early years, can drain the fund for self-insurance.

### **Summary of Lessons Learned**

When asked what advice their dioceses would give to a diocese wanting to be self-insured, interviewees shared the following:

- Coordinate long-term care payments with priests' pensions and other incomes.
- Set the program up right from the start, as changing it later can be difficult.
- Like the insurance carriers, some dioceses have put caps on the amount of money they will pay out for services.
- To contain costs, preventative care such as requiring priests to get annual medical and dental check-ups is important.
- As many priests do not have financial background, get lay people with financial expertise involved.

- Even if it is the best system at present, dioceses should do a review every three to five years to make sure it's still the best deal out there for them.
- Always balance your diocesan budget.
- Update the actuarial frequently (every five years or so).
- Send your priests information about retirement and insurance to keep them educated.

## Dioceses That Cover Long-term Care on a Case-by-Case Basis

Three dioceses reported on the 2013 CARA survey<sup>10</sup> or the 2013 *The Laborer Is Worthy of His Hire*<sup>11</sup> study that they cover long-term care for priests on a case-by-case basis. As is evident in the descriptions below, one does so more than the others.

<b>Characteristics of Dioceses That Provide Long-term Care Services on a Case-by-Case Basis</b>				
<b>Diocese</b>	<b>Census Region</b>	<b>Active Priests</b>	<b>Semi-retired &amp; Retired Priests</b>	<b>Total Number of Priests</b>
Diocese V	South	62	15	77
Diocese W	Midwest	63	29	92
Diocese X	West	45	25	70

### *Diocese V*

The interviewee for Diocese V described the diocese as both vast and as a mission diocese. With few religious institutes in the diocese, he noted that they do not have nursing homes run by religious institutes at which they can house priests. Case-by-case to this diocese means that if a retired priest needs long-term care, they go to where he lives and investigate the options. They then come up with a payment plan, whereby he contributes some of his pension and the diocese picks up the rest.

The reason the diocese chose to cover long-term care on a case-by-case basis is because they checked into insurance policies and found them prohibitively expensive for a small diocese. So, for example, they now have three priests requiring services, and can pay for them. They probably will not have more than that per year for the foreseeable future. However, later in the conversation, he did say he was anxious because sometime down the line there would be more retired priests than there are now, as many of the active priests in the diocese are of similar ages.

The interviewee reports that they are satisfied with what they have, and would not change it. One thing the diocese is doing to be more proactive, though, is having the priests plan better for retirement. He suggested that dioceses obtain a copy of a retired priest handbook from the Diocese of Honolulu that Diocese V is currently utilizing. The diocese has tweaked it some for their local needs, but it is excellent, he says. It helps priests think about future expenses they might not plan for otherwise, such as the costs for a daily newspaper when retired. They are a big fan of the Handbook, and say it is helping their priests.

<sup>10</sup> Mary L. Gautier and Carolyne Saunders, 2013, *Diocesan Provision of Retirement Services for Priests*, Center for Applied Research in the Apostolate at Georgetown University.

<sup>11</sup> Mary Jo Moran and Toru Sakaguchi, 2013, *The Laborer Is Worthy of His Hire: A Study of Priests' Compensation in the Roman Catholic Dioceses of the United States, 2013 Edition*, National Federation of Priests' Councils.

### *Diocese W*

Diocese W had responded somewhat erroneously to the *Laborer* study, as the diocese does not regularly provide any long-term care for its priests. The diocese does have fundraisers for priest retirements and the funds go into a Clergy Retirement Plan Fund. Priests in the diocese are expected to work with their families to provide for their retirement needs, including health care. Only if a priest were to approach the diocese saying he was out of money would the diocese become involved. At that point, the diocese would assist him to enroll in Medicare or Medicaid and to use the services provided there. But, due to their non-involvement with these issues, he indicated that he did know of a single priest who has required long-term services during his 28 years working for the diocese.

### *Diocese X*

Diocese X provides for the long-term care of three of its retired priests, two requiring nursing home care and one receiving help at his residence with his activities of daily living. The diocese has a fund from which it draws to pay for such services but no longer-term plan for how the diocese will fund long-term care needs in the future. The interviewee wishes the diocese had insurance for every priest. As it is, the diocese once needed to come up with between \$7,000 and \$8,000 per month for a priest. It would be very helpful for him to be able to plan for such needs, which are not budgeted for at this time. So, insurance would be helpful, especially in that regard.



## **Appendix A: Interview Protocol**



## CARA/LSRP Long-Term Care Insurance Interview Protocol

Diocese \_\_\_\_\_

Contact Person \_\_\_\_\_

Phone \_\_\_\_\_ E-mail \_\_\_\_\_

Time and Date of call \_\_\_\_\_

Hello. I am (Name), a research associate at the Center for Applied Research in the Apostolate (CARA) at Georgetown University. We have been engaged by Laity in Support of Retired Priests for a short follow-up to the study of Diocesan Provision of Retirement Services for Priests that we conducted for them in 2013. In that survey, you indicated that your Diocese has a long-term care insurance policy in place for its incardinated priests. With your permission, I would like to ask you just a few brief questions regarding long-term care insurance for incardinated priests in your Diocese.

Let me assure you that this is an academic research project, for the purpose of better understanding how dioceses implement long-term care insurance for their priests and for promoting best practice in this area among dioceses. We are not affiliated with any insurance carrier and are not trying to sell you insurance. Any responses that you provide to me in this conversation are entirely confidential and restricted to this research report, which will be shared only with Laity in Support of Retired Priests, Inc. No one else will contact you about any of your responses without your expressed permission.

This interview should take no more than 15 minutes of your time. Do I have your permission to proceed?

### **Single or multiple carrier(s):**

1. In the 2013 survey of diocesan retirement services for priests, you indicated that long-term care insurance coverage is provided to your incardinated diocesan priests through an arrangement with \_\_\_\_\_. Is this correct?
2. In what year did the Diocese contract with this carrier for long-term care insurance: \_\_\_\_\_
3. Is this policy a group plan contracted through the Diocese or is it an individual plan that is offered directly to diocesan priests through the carrier?
4. In the 2013 survey of diocesan retirement services for priests, you indicated that long-term care insurance coverage is provided to your incardinated diocesan priests through more than one carrier. How does this arrangement work?
  - a. Names of each carrier:
  - b. Which carrier was contracted first?
  - c. Is one carrier the primary carrier? If so, which one?
5. Why did the Diocese decide to use more than one carrier?

**Self-insurance:**

6. In the 2013 survey of diocesan retirement services for priests, you indicated that long-term care insurance coverage is provided to your incardinated diocesan priests through a self-insured master policy of the Diocese. Is this correct? Yes\_\_\_\_ No\_\_\_\_
7. How does this arrangement work in your Diocese?

**Enrollment:**

8. Does your policy cover all incardinated diocesan priests or only a portion of them?
9. Approximately how many of the \_\_\_\_\_ retired and semi-retired priests in your diocese are covered by long-term care insurance?
10. Does your policy cover only active priests or does it include priests who were already retired at the time that the policy was implemented?
11. Is participation voluntary or mandatory?
12. If voluntary, approximately what percentage of eligible priests are enrolled?
13. At what point are priests offered enrollment in long-term care insurance?
  - a. Once, at ordination (or incardination)
  - b. Once, at retirement (or semi-retirement)
  - c. Annually
  - d. Other (describe):
14. What is included in the underwriting for this policy:
  - a. A long-form application
  - b. Cognitive test
  - c. Medical records
  - d. Face-to-face exam
  - e. Other (describe):
15. How are those rejected by underwriting, due to health or age, provided long-term care by the Diocese?

**Premiums:**

16. How are the premiums for long-term care insurance handled?
  - a. Diocese pays the entire premium for the group policy
  - b. Diocese pays a portion of the policy for each enrolled priest (describe)
  - c. Each priest pays the entire premium for his policy
  - d. Other (describe):
17. How do you enroll new priests in long-term care insurance?
18. What do you do about high-risk priests who are rejected for long-term care insurance?
19. Would you appreciate the opportunity to create a new program for priests that had not enrolled previously?
20. In your experience, what works best for the long-term care needs of incardinated priests?