

# CONVOCATION 2022 COMPENDIUM

Religious

FALL 2022



## Keynote: Building a Culture of Empathy in a Diocese (Case Study)

**DR. STEVE DRANOFF**

Thirty years and billions of dollars spent. And here's the net impact.

- The U.S. Equal Opportunity Commission (EEOC) stated that “much of the training done over the past 30 years has not worked as a prevention tool.”

U.S. organizations spent \$2.2 billion last year on insurance policies for the legal fallout from sexual harassment, racial discrimination and unfair dismissal accusations.

To start, the Paterson Diocese does not run employee anti-harassment training for its population of 4,000 employees and 20,000 volunteers. Instead, 24,000 people are held to the standard of the Pastoral Code of Conduct.

This is especially important to dioceses as it is a real situation that continues to thrive in the diocese of Paterson in northern New Jersey. The commitment of leadership (bishop as well as VG) to address building a culture of empathy is a critical success factor. Also the diocese of Paterson was introduced to Dr. Steve Dranoff, psychologist and author of *Risky Business*, who has worked with Gallagher on numerous risk management training sessions and community-based initiatives. But most importantly, when employees are hurting, we must do more. This this was an opportunity to align with Dr. Dranoff, and the rest is history!

## SOLUTIONS

- Training is critical—and not a one-shot deal. It must be consistent, sustained and internalized by all taking the training. The diocese decided to take a different approach to workplace harassment training. Instead of the traditional method, which normally consists of educational material regarding legal cases, terminology and legal consequences of harassment in the workplace, we created an online anti-harassment workplace training method that onboards not only more than 30 years of my experience in empathy training across many academic and organizational environments, but Dr. Kahneman's insights as well. The method and approach take a very different approach, and attempts to assess the perception of employees with specific workplace harassment situations.
- Once each employee finishes the video series, they are given a survey to assess any changes in perception after completing the course.
- Education on “public voice” and “private voice”
- Empathy is the glue that holds all relationships together. It is Mother Nature's antidote to anger and aggression. And, as I said before, research has empirically proven that empathy can be taught and strengthened.
- Teaching empathy skills reestablishes healthy relationships among individuals of all ages and cultures. Empathy training also enables people to better recognize, integrate and analyze the information that surrounds them in common situations.

## OUTCOMES

This section offers possible outcomes through adopting the best practices or services presented in the solutions section.

- We are now conducting training for administrators, managers, HR professionals, priests and pastors for groups of 25 people at a time.



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- The goal of this phase 1 training was to help employees understand how perception can play a critical role in workplace harassment.
- Although we are still analyzing the group's results, the preliminary outcomes are quite solid and impressive.
- Empathy is contagious. And true leaders will spread the contagion with a combination of hardheadedness in business tempered with a soft, empathetic heart, instilling a culture of trust and understanding.

For another article from Dr. Dranoff, click the following link.

[Nonprofits Called to Empathy | Gallagher USA \(aig.com\)](#)

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## Setting Diocesan Leaders Up for Success

**STEVE HAYES, SENIOR MANAGING DIRECTOR, GALLAGHER EXECUTIVE SEARCH AND LEADERSHIP ADVISORS**

### SCENARIO

In today's war for talent, diocesan leaders need tools to help them embrace the latest best practices on how to attract, develop and retain top talent. Learn how to invest in your new leaders through an intentional integration process, which will set diocesan leaders up for success.

### SOLUTIONS

During this session, we will define the difference between intentional leadership integration versus traditional onboarding and provide compelling facts around the need to intentionally invest in a leadership integration strategy for the diocese.

You will also be introduced to Gallagher's transformational leadership model as you seek to empower leaders to make a lasting difference in your organization.

### OUTCOMES

Possible outcomes include engaging, developing and retaining top talent for the future, as well as grooming servant leaders to be great shepherds of others.

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## The New World of ACA Compliance

**MICHAEL BAKER AND CRAIG REES, POINTS NORTH**

### SCENARIO

Your diocese has just received a letter from the IRS regarding the Affordable Care Act (ACA). You start to ask yourself: Did we file our ACA information? Did we file on time? Was the information we filed accurate? Do our 1095 and 1094 forms show that we are out of compliance with the ACA requirements?

### SOLUTIONS

During this session we provided some background information on the ACA along with a review of the ACA requirements. We also talked about the penalties that can be assessed by the IRS and the importance of responding within 30 days of receipt of Letter 5699. Additionally, we reviewed the states that require a separate ACA filing.

Finally, we reviewed the best practices to avoid the ire of the IRS.

- Establish a consistent process.
- Implement year-round monitoring.
- Avoid common mistakes.
- Leverage automation.
- Leverage the expertise of Gallagher and software vendors.

### OUTCOMES

- Establishing a consistent process will facilitate accurate and timely filings.
  - Monitoring compliance year-round will reduce the risk of penalties.
  - Avoiding common mistakes, such as withdrawing coverage in a stability period, will reduce the risk of penalties.
  - Leveraging automation, such as using APIs and other file transfer systems for payroll aggregation, will reduce the time it takes to maintain your ACA information, and provide timely warnings to reduce errors and missed offered of coverage.
  - Working with benefits and ACA software experts will reduce the time and stress of staying ACA compliant.
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## Health and Welfare Today and Tomorrow

JEFF REAGAN, MICHAEL BAKER AND RYAN DUFFY, CAPRX

### SCENARIO

This was an update on general trends and changes in the healthcare environment affecting dioceses. We focused on changing legislation and related compliance that potentially will affect costs and services as well. We also provided a few ways to mitigate these ever-increasing costs.

### SOLUTIONS

**Compliance:** We discussed near- and long-term changes that would require the diocese to update and/or change how they handle their plan administration.

**Cost containment:** We discussed several areas where a diocese could take greater control over the spending of their healthcare dollar and how to better manage costs. We discussed the advantages of self-funding and pharmacy carve-out, and claims management through the use of third-party vendors for a host of elective procedures and high-cost tests such as MRIs, all while improving outcomes.

### OUTCOMES

Having great control over the healthcare spend improves savings and lowers overall cost. In addition, employee morale improves when healthcare costs are reduced and healthcare costs are reduced while their medical outcomes improve.

This session's wealth of information and collaborative insight can assist with renewal budgetary planning, ideas on how to best transfer and manage risk, and deeper insight on what dioceses' underwriters like to see to get most comfortable with a risk.

### SOLUTIONS

Our session has employed a panel-style presentation. This is very valuable, as we introduce key representatives from the underwriter side, the broker side and the loss-adjustment side. Lastly, we encourage the audience themselves to represent the diocesan side, and this leads to great collaboration between the panel upfront and the end users of the insurance product — the dioceses themselves. As the moderator of the session, RPS uses knowledge of market trends to lead the session by asking the panel very specific questions curated to give the audience the best knowledge to take back to their diocese.

### OUTCOMES

We cover risk management, P&C pricing trends and expectations, leading claim/loss trends, and other high-level insurance topics. These questions inevitably lead to collaborative discussion between the audience and the panel. Every person in the room has the ability to speak to their specific diocese, ask questions of their peers and the panel, and ultimately obtain great take-home information. I believe everyone in the room goes home with great market knowledge they can apply to their specific risk management practices and insurance renewal planning and strategy.

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## State of the Market

MARTY ROCHE

### SCENARIO

I believe the State of the Market presentation has been and will continue to be crucial for any diocesan risk manager or financial officer to attend. Oftentimes, and rightfully so, a diocesan staff member is focused on their own diocese and its many inner workings and moving parts. Our State of the Market presentation gives them a chance to step back alongside their peers and look at the insurance market—including pricing considerations and trends, key underwriting players, and loss activity—on a very macro level.



## The Art of Allocation: Finding Common Ground in Our Collective Experience

**BRAD WATSON, AREA VP, RISK PROGRAM ADMINISTRATORS**

### SCENARIO

Dioceses' process for allocation property and casualty costs varies. The goal of this presentation was to compare varying methods, goals, objectives and areas of improvement that we could share and learn from one another.

### SOLUTIONS

**Program costs:** What is included? Most dioceses/archdioceses include premiums, fees, claim costs and some overhead into amount of program costs billed to participating members.

**Factors:** How are costs allocated? History dictates how dioceses/archdioceses allocate costs. Some allocations are simple, single factor; some are more complex. The developing trend in dioceses/archdioceses is to utilize a service or third party to allocate costs to members.

**Invoicing and collections:** A small portion of dioceses/archdioceses utilize billing services; most are handled internally. Most dioceses/archdioceses use a single invoice with multiple costs being invoiced at one time (e.g., property and casualty premiums, pension, benefit costs, etc.).

**Effectiveness:** The survey yielded varying responses. Most internal users see the allocation, and costs are practical and equitable.

### OUTCOMES

The presentation and dialogue focused on ways to improve engagement at both the program level and the member level. Solutions included enhanced and effective communication strategies, and more education for program participants (find ways for education members to improve program performance, responsiveness).

**Service partners:** Gallagher/Risk Program Administrators offers services to programs through varying means including RIMS programs, allocation methodology and/or consulting, and review of program performance for efficiencies, consulting services.

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## Diocesan Chief Operating Officers (COO): How Is This Role Unfolding?

**CHAD ROEDDER, PH.D., SENIOR PRINCIPAL CONSULTANT, LEADERSHIP ADVISORY HUMAN RESOURCES & COMPENSATION CONSULTING**

### SCENARIO

This session is important to dioceses that have implemented or have considered implementing a COO role. It addresses best practices for this role and how it adds value to a diocese.

### SOLUTIONS

Defining the role and the responsibilities it does and does not include is critical, since many diocese employees may not intuitively understand what a COO role includes. In most cases, the COO leads the business and operations of the diocese, while also representing the vision of the bishop. Top priorities for the COO include business operations but, depending on the situation, can also include financial improvement, restructuring or improving relations with parishes. Ultimately the COO role and the person who fills it needs to fit into the church, not the other way around.

### OUTCOMES

Possible outcomes include more effective and efficient business operations of the diocese, improved relations amongst the parishes and the diocese, and improved relations with bankers and related external parties.

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## Meet Your Employees Where They Are: A Modernized Approach to Personalizing Your Benefit Enrollment

**JIM LUTKEWITTE, VOLUNTARY BENEFITS CONSULTANT, GALLAGHER**

### SCENARIO

Based on Gallagher's latest National Benchmarking Survey, more than 65% of dioceses have no strategy to improve employee engagement, and only 10.2% have a comprehensive employee

communications strategy. Common organizational challenges include the following.

- Decentralized workforce
- Disparate payroll or benefits technology
- Inability to communicate consistent message to all employees
- HR team being asked to do more with fewer resources
- Talent retention

As a result, employees' lack of benefits understanding leads to a lack of appreciation. This puts a major strain on employee loyalty, especially in today's climate of increased financial pressures, higher premiums and higher deductibles.

## SOLUTIONS

Gallagher Enrollment Solutions (GES) provides your employees with one-on-one benefit counseling that tailors benefit recommendations based on their needs. Benefit counselors are licensed and noncommissioned, and act as an extension of your HR team. They can help your employees navigate existing or GES-provided enrollment technology, making benefit elections simpler. Our marketing team will help you get the word out about open enrollment by providing custom-designed print and digital brochures, a unique benefits website, and a link for employees to schedule their enrollment meeting. All the services provided by GES are completely funded by offering a voluntary benefits package catered to your employee demographics.

## OUTCOMES

By providing your employees an opportunity to meet with a benefit counselor to understand all the benefits (existing and new) being offered to them, they will walk away more confident in their decisions with a greater appreciation. When employees feel satisfied and protected, they tend to stick around longer.

GES also takes the chaos of open enrollment off your HR team's plate, allowing them to focus on other key initiatives. Complete and accurate enrollment data is collected and shared with all insurance carriers electronically. This cleans up an often messy annual process.

# How Proactive Pharmacy Benefit Management Results in Significant Savings

**RYAN W. DUFFY, SVP, COMMERCIAL MARKETS, CAPITAL RX**

## SCENARIO

Dioceses across the country need to identify aligned partners to ensure lower healthcare spend and optimal service. Pharmacy costs continue to skyrocket with the continuous growth of specialty meds; meanwhile legacy PBMs are using antiquated technology and underdelivering on the member experience. As the healthcare industry shifts away from opacity and pay-to-play economics, Capital Rx is leading the path toward reducing prescription drug costs with greater efficiency and simplicity, while maintaining a 96 net promoter score (NPS) and near 100% client retention.

## SOLUTIONS

Pharmacy carve-outs enable self-funded entities to contract separately with a Rx-specific vendor like a PBM. With Rx utilization and spend on the rise and dramatically increasing the total bottom line, carving out Rx should be on every diocese's radar, as this provides better control, visibility and savings. Following are additional benefits of doing so.

- Ensures actual guarantees, better negotiation power and full access to data
- More flexibility on plan customization and ability to aggressively manage Rx costs outside of the medical plan
- Stronger contract terms with ability for plan to receive and verify full pass-through of rebates, etc.
- Dioceses should seek a PBM that is willing to go completely at-risk for managing your drug spend (e.g., an all-in PMPM guarantee with fees at risk and no or few exclusions).



- Dioceses should implement a lowest-net-cost approach to ensure the right drug is being filled and not something mandated by the PBM to serve their interests of rebate retention, etc.
- Seek out a partner that offers a registered pharmacist as your dedicated account manager.

## OUTCOMES

Dioceses that partner with aligned vendors can absolutely achieve year-over-year negative drug trend (10%–30% savings), realize the best member experience in the industry (calls being answered in two to five seconds, etc.) and increase productivity across their membership.

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## Ten Questions to Ask About Your Diocesan Investment Portfolios

KEVIN SCHMID, CFA, CAIA

### SCENARIO

After a long period of strong investment returns in the equity market (briefly interrupted by COVID-19 in 2020 and culminating in outstanding performance in 2021), the financial markets wobbled in 2022 under the weight of rising interest rates and persistent inflation. Catholic dioceses oversee a wide range of investment portfolios with disparate risk tolerance and return needs, including but not limited to lay and priests' pensions, endowments/foundations, defined contribution retirement plans, deposit and loan programs, and cemetery perpetual care funds.

### SOLUTIONS

Although Catholic diocesan portfolios are not generally governed by ERISA, it is still useful for Catholic fiduciaries to follow governance best practices in monitoring their investment portfolios and periodically evaluating their investment advisors.

Catholic dioceses should adopt a comprehensive risk framework for oversight of their investment programs.

- **Fiduciary risk:** investment policy statement, fee analysis and monitoring, performance reporting, independent third-party oversight

- **Longevity risk:** strategic asset allocation, understanding liquidity and cash flow needs, spending policy analysis
- **Market risk:** tactical asset allocation, investment manager evaluation/selection, disciplined rebalancing, stress testing
- **Alignment risk:** ensuring portfolios are managed in accordance with Catholic values

## OUTCOMES

This section offers possible outcomes through adopting the best practices or services presented in the solutions section.

The preferred outcomes would be:

- Ensuring that Catholic dioceses are aware of and comfortable with the levels of risk in their investment portfolios, and are appropriately diversified
- Aligning asset allocation with cash flow needs and spending policy
- Confirming that the diocese is paying an appropriate fee for their investment portfolio and the services they are receiving from their investment advisor
- Gearing the investment portfolio to be in compliance with the 2021 revision to the USCCB Guidelines for Socially Responsible Investment, including the increased emphasis on active ownership and positive security selection

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## Bouncing Back From a Catastrophic Property Loss—Partners Through Disaster

STEVE BOYER

### SCENARIO

Catastrophic losses can happen anytime and anywhere. It is pertinent to each diocese that they plan ahead to insure they are able to mitigate their damages and provide their parishes, schools, etc., with the most professional and timely repair and restoration process in order to get them back to their pre-loss condition as soon as possible.

Without proper planning that is not possible.

## SOLUTIONS

In order to properly prepare for a catastrophic event, it is imperative to include the following individuals in this planning:

- Client
- Broker
- Underwriter/carrier
- Adjuster(s)
- Restoration company
- Experts

## OUTCOMES

Following the best practices put in place during this preplanning process allows all parties to know their roles and implement them, so the client can get their diocesan properties, contents and business interruption losses mitigated, resulting in the smallest loss possible and getting them up and running in the shortest possible period of time.

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# Understanding the Value of Medicare Advantage — Helping Diocesan Leaders Navigate the Health Plan Transition From an Active Employee to Retiree Benefits

**KRIS VEENSTRA, KATHY BURTON, JENNIFER BORKOWSKI**

## SCENARIO

When it comes to healthcare, we are all different, but we all have the same ultimate expectations. We want to make sure everyone has access to the resources and support they need to be their most successful. This means helping priests and lay retirees be their healthiest and helping you, as the plan sponsors, save time and money.

We understand that the needs and challenges your priests and lay retirees face deserve more than a one-size-fits-all approach. Our Medicare plans are custom-made to meet those needs.

## SOLUTIONS

Humana is the only national carrier to focus primarily on seniors. With more than 29 years of Medicare experience and a deep working relationship with the Centers for Medicare & Medicaid Services (CMS), we are considered pioneers in the industry. We're one of the largest Medicare Advantage and prescription drug plan (PDP) carriers in the United States, and we're uniquely qualified to be your Medicare Advantage, Medicare Advantage prescription drug plan (MAPD) or PDP partner. Humana Medicare Advantage plans offer support for you and your retirees. Our goal is to deliver improved experiences by making it easier to get care tailored to specific needs.

Humana's Medicare Advantage strategy focuses on the following:

- Award-winning operating model, integrated systems and the highest net promoter scores in the industry
- Integrated clinical model with measurable improved outcomes tied to cost savings
- Local provider and community health relationship models and value-based care expertise/capabilities
- Consumer capabilities, including data analytics, digital and user-friendly self-service options
- Medicare industry leadership, knowledge and focus, including actuarial capabilities and regulatory/compliance expertise dedicated to Medicare enterprise communication standards

Through critical investments in programs, services and technologies, we have put together a successful Medicare strategy to provide our customers with an operating and clinical model that is second to none.

## OUTCOMES

This results in managing medical costs below the industry average through differentiated chronic care and value-based provider engagement models that will make a diocese's Medicare Advantage plan successful and provide a sustainable, long-term value proposition. At Humana, we focus on forming deep and lasting partnerships to best understand you and your priests and lay retirees. Which is why from the start, we designate an integrated team of care and service professionals who are passionate about your success and the comprehensive care of your priests and lay retirees.

## Leveraging Your 403(b)

JONATHAN PARIS, MIKE LEVIN AND LINCOLN  
FINANCIAL GROUP

### SCENARIO

Many dioceses provide for opportunities for employees to save through a 403(b) plan. Historically these plans supplemented traditional pension plans. As 403(b) plans continue to evolve in many cases to allow for competitive features and services from providers, dioceses need to be aware of best practices to maximize the plans' effectiveness.

More importantly, diocesan employees continue to experience financial fragility and the need to save for retirement. Strategies that allow employees to build financial resiliency are increasingly important and will benefit not just the employee but also the diocese in the form of reduced workplace stress.

### SOLUTIONS

Diocesan plan sponsors seeking to assist employees in adequately saving for retirement and reducing financial stress should consider a strong education and financial wellbeing program. Key components include but are not limited to:

- Understanding the sources of financial stress
- Assisting with tools and programs to increase budgeting, managing expenses and reducing debt
- Raising awareness of retirement savings opportunities
- Building strong investment lineups and monitoring expenses

### OUTCOMES

Through successful implementation of a financial wellbeing program, successful outcomes can include:

- Reduced financial stress
  - More productive employees
  - Improved healthcare experiences and reduced costs
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## Innovation That Takes Your Cemetery Program to a Cash Flow Annuity Model That Thrives

DAN ROMANSKI

### SCENARIO

Cemeteries play a crucial role in the sacred life of the church, however, over the past 40 years, many dioceses have seen their cemetery operations become a liability and financial load as for-profit cemetery and funeral services have gained market share. Duplicating the successful cemetery turnaround model in the diocese of Oakland, California, this session featured the case study of the diocese of Toledo, Ohio, COO/CFO Phil Renda and General Counsel Tom Antonini as they described the contract development and program implementation process with Catholic Funeral & Cemetery Services (CFCS), which is the organization fueling diocesan cemetery turnarounds throughout the country.

### SOLUTIONS

A diocese can reorient and annuitize its funeral and cemetery operations by:

1. Stabilizing the operations and not allowing other ministries to subsidize cemeteries
2. Growing operating profits, and reinvesting in capital and programs
3. Resolving the long-term perpetual care needs of the cemeteries and providing dividends to support other ministries

### OUTCOMES

As a result of adopting the successful CFCS model, a funeral and cemetery operation can achieve the following.

1. **Distribution to diocese:** 8%–10% of income as a distribution to diocesan ministries
  2. **Net operating income (EBITDA):** 20% without any contribution from perpetual care funds
  3. **Perpetual care contribution:** 10% of revenue, as a general rule of thumb
  4. **Revenue growth:** 15% compounded annual growth rate (CAGR) is a target for most opportunities
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# Steps a Diocese Can Take to Attract, Engage and Retain Employees

KEVIE MIKUS

## SCENARIO

With a massive war for talent, employee turnover at astounding rates and the highest inflation levels in a generation, the level of volatility is high in 2022. Hybrid work will create more unevenness around where, when and how much employees are working. Many employees will be greeted with real wage cuts as annual compensation increases fall behind inflation. These realities will be layered on top of longer-term technological transformation, continued DE&I journeys, and ongoing political disruption and uncertainty. Leaders in the church are left wondering how to address these issues.

This session uncovers the underlying trends that are shaping the workplace now, and will provide attendees with actionable solutions for optimizing recruitment, retention and reward strategies in warp speed.

## SOLUTIONS

Mission-based organizations and religious entities will need to create intentional branding strategies to draw candidates in. Further, recruitment and onboarding processes will need to be audited to increase speed to hire, enhance the candidate experience, and invest in a more effective and engaging onboarding journey. Tactics to expand the recruitment net should include seeking sources such as veterans, people with disabilities, etc.; building out your careers page with employee videos and testimonials; heightened marketing

around the total rewards offered through the lens of the employee (what's in it for me); and establishing an effective employee referral program.

Management training will need to be an area of investment to equip people managers with new competencies for managing a hybrid team. Rewards will need to be revisited to ensure the offerings align to the varying needs of the workforce.

## OUTCOMES

The sampling of ideas mentioned in the previous session is representative of a more expansive approach to the employee life cycle and experience. No longer will a one-size-fits-all approach generate the outcomes needed to thrive in today's environment. Openness to new ways of doing things will be necessary and, with some of the areas of focus mentioned above, the intent is to accomplish the following for the diocese.

- Establish a more comprehensive talent strategy.
- Improve recruitment of "right-fit" candidates.
- Enhance the cultural environment that leads to retention.

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