



A funded health reimbursement arrangement (HRA) for Washington State employees in general government agencies and higher education institutions

Plan Adoption and Enrollment Guide

Easy Step-by-step Process

Congratulations!

You're getting ready to provide your retiring employees with the **VEBA Medical Expense Plan (VEBA MEP)**— a valuable group health plan benefit.

This guide is designed to assist agencies considering adoption of the VEBA MEP under the provisions of the Health Care Authority Personal Services Contract with VEBA Trust for Public Employees in the State of Washington.

What's covered:

- Step 1:** Determine Employee Group Structure
- Step 2:** Determine Voting Procedures
- Step 3:** Execute a VEBA MEP Policy, Memorandum of Understanding
- Step 4:** Complete and Submit Your VEBA MEP Employer Adoption Agreement
- Step 5:** Register Online
- Step 6:** Enroll Eligible Employees
- Step 7:** Make Your First Contribution

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1-888-828-4953



Introduction

VEBA Trust has engaged Gallagher Benefit Services, Inc. (Gallagher) to help state agencies with program adoption, technical support, employee education, and local service.

Your Gallagher representative will provide the support you need all along the way, such as:

1. Help you create an **implementation timeline** (if necessary);
2. Provide common **employee group** structure examples;
3. Walk you through a typical **group voting process** (if applicable);
4. **Educate** your employees (group meeting, webinar); and
5. Help complete your **Employer Adoption Agreement**.

To help kick things off, outlined below is a typical step-by-step adoption and enrollment process. This is a general outline only. Your process may differ slightly depending on how you decide to implement the VEBA MEP.

Step 1: Determine Employee Group Structure

IRS rules prohibit individual employee choice to participate or not participate. All employees defined as eligible must participate. Cash payments in lieu of VEBA MEP participation are not allowed.

Here are several common employee group structures:

1. Whole agency;
2. Major organizational subdivision;
3. Major operating location of the agency; and
4. Classified employees in a bargaining unit established by the Public Employment Relations Commission.

ADDING NEW GROUPS: Personalized support for decision makers and stakeholders is provided by Gallagher Benefit Services, Inc. If you need to implement the VEBA MEP for a new employee group in the future, contact your Gallagher representative at 1-800-888-8322.

Step 2: Determine Voting Procedures

VEBA MEP participation is usually determined by a group vote. However, your agency head or designee has the authority to implement the VEBA MEP without a group vote. State statute only requires “consultation” with affected employee groups (see RCW 41.04.340 and WAC 357-31-375).

Collective bargaining groups usually vote or otherwise make group decisions according to their established processes. For non-union groups, you can determine your own guidelines. For example:

1. **Who’s eligible to vote?** This could be all employee group members, only those eligible to retire within a given timeframe, etc.
2. **What constitutes a majority?** Groups usually require a simple majority (50% + 1).
3. **How often will you conduct a vote?** Historically, most employees want the VEBA MEP benefit. So, rather than conducting periodic votes (every year, every two years, etc.), it’s common for groups to vote once and not vote again unless a certain percentage of the group requests a new vote.
4. **What happens if there is a tie?** In the unlikely event of a tie vote, you might decide to continue with your current participation, if any, conduct a coin toss, etc.

SMALL AGENCIES: Voting pools must have at least five eligible voters. Small agencies may only have one or two employees eligible to vote. The IRS may view this as individual choice. To help avoid the appearance of individual choice, many small agencies with fewer than five eligible voters have joined the Small Agency Voting Pool administered by Department of Enterprise Services. For more information, contact Health Care Authority’s VEBA Senior Account Manager, Janice McAlpin, at (360) 764-0415 or janice.mcalpin@hca.wa.gov.

Note that if VEBA MEP participation is discontinued, it cannot be reinstated until the following calendar year (WAC 357-31-375(6)).

For more details, including a sample voting ballot, read our **Group Voting Guide** for state agencies and higher education institutions. Just ask your Gallagher representative for a copy, or log in at veba.org and click **Resources**.

Step 3: Execute a VEBA MEP Policy, Memorandum of Understanding

Your VEBA MEP policy should include confirmation of decisions made pursuant to your employee group structure, consultation with affected employee groups, and voting procedures, if applicable. It should also address VEBA MEP adoption for non-represented employees. A VEBA MEP policy template is available upon request from Health Care Authority's VEBA Senior Account Manager, Janice McAlpin, at (360) 764-0415 or janice.mcalpin@hca.wa.gov.

For bargaining units, execute a memorandum of understanding with the unit's exclusive representative, if applicable. Sample language is available upon request from your Gallagher representative.

Step 4: Complete and Submit Your VEBA MEP Employer Adoption Agreement

Your Gallagher representative will provide you with a **VEBA MEP Employer Adoption Agreement (EAA)**. It's simple to execute. All you have to do is fill it in, sign, and attach supporting documents (policy and memorandum of understanding).

When ready, email your completed EAA package to your Gallagher representative.

Gallagher will send you a welcome email within about seven to ten days after your EAA has been accepted by VEBA Trust. This email will include your Employer ID Number, copies of your countersigned EAA, official Plan documents for your files, and next steps. Contact your Gallagher representative if you need to expedite this process.

Step 5: Register Online

If you'll be our primary employer contact, watch for a separate email with a time-sensitive online registration link (token). Use this link to register and access your online employer portal. You can add more users as needed.

Step 6: Enroll Eligible Employees

Our paperless enrollment process works great whether you need to enroll a whole group of employees or just a few at a time. Simply populate and upload our **Enrollment/Status Change Spreadsheet** template, or enter the required information directly into our system. No chasing down paper enrollment forms!

We'll process your enrollments within a day or two. If your enrollment data includes email addresses for employees, we'll send enrollment confirmation emails to each of them. These emails will contain time-sensitive online registration links (tokens). After registering and logging in, participants can enter their spouse and dependent information and choose an investment allocation.

For more details, refer to our **Enrollment Instructions** and **Enrollment/Status Change Spreadsheet** template available online. Log in at veba.org and click **Resources**.

CLAIMS ELIGIBILITY: Employees enrolling in the VEBA MEP generally become participants and eligible to submit claims on their retirement date or the day their HRA receives its contribution. If needed, you can enter specific participant effective dates (claims-eligibility dates) on the **Enrollment/Status Change Spreadsheet** template.

HOLD HARMLESS: Before receiving a sick leave cash out contribution to the VEBA MEP, RCW 41.04.340(7) requires employees to sign a hold harmless agreement with their employer "as a condition of participation under the plan." The agreement must include provisions that (a) hold the employer harmless in the event of a tax dispute and (b) require employees to forfeit sick leave cash out remuneration if they refuse to execute the required agreement. Employers often include this as part of their internal sick leave cash out process. Contact your Gallagher representative if you have questions.

NO INDIVIDUAL CHOICE: All employees defined as eligible must participate, according to IRS rules and state law. Do not permit any form of individual employee choice with regard to participation or funding amounts. Funds eligible for contribution to the VEBA MEP should not be paid to any employee as regular wages in lieu of VEBA MEP participation. If this occurs, it could affect the tax-exempt status of employer contributions on behalf of other participants. This means an arrangement that provides cash to employees for any reason other than the reimbursement of medical care expenses does not qualify for tax-favored treatment, and employer contributions and payments (reimbursements) made from the plan would be subject to tax.

Step 7: Make Your First Contribution

HRMS INSTRUCTIONS: For instructions on processing a VEBA MEP contribution (deduction) in HRMS, contact the OFM Help Desk at HereToHelp@ofm.wa.gov or 360-407-9100. Instructions for processing payroll items can be found in the HRMS Support Hub. Time Quota Compensation (Buyout) instructions can be found here: [quota_time_quota_comp_buyout.pdf \(wa.gov\)](#).

If you use your own payroll system, our contribution process requires two actions:

1. **Send contribution report.** Most employers populate and upload our **Contribution Spreadsheet** template. It has everything we need: Division Code, Account Number or Social Security Number, First Name, Last Name, and Amount.
2. **Send funds.** We recommend ACH or wire transfer. Sending money electronically is faster and more secure than mailing paper checks.

We'll process your contribution (data and funds) and mail a paper welcome packet and Plan Summary to new participants within about three days.

For more details, refer to our **Contribution Instructions** and **Contribution Spreadsheet** available online. Log in at veba.org and click **Resources**.

Need help?

If you have enrollment, contribution, or other administrative questions, contact our Customer Care Center at **1-888-828-4953** or log in at veba.org and click the **envelope icon** (✉) to send a secure message.

Plan adoption, funding method, group structure, and related regulatory questions should be directed to your Gallagher representative at 1-800-888-8322.

We look forward to getting acquainted and providing you with great service!

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