I. PURPOSE

The purpose of this policy is to provide for a voluntary high-deductible health plan and corresponding VEBA savings accounts for employees that elect to enroll for coverage.

II. GENERAL STATEMENT OF POLICY

This Policy shall apply to eligible employees of all bargaining units and to all eligible non-bargaining unit employees.

III. ESTABLISHMENT OF A VOLUNTARY HIGH-DEDUCTIBLE HEALTH PLAN

A. Effective October 1, 2019, the District will offer, through health insurance carriers selected by the district, a voluntary high-deductible health plan option for eligible employees to choose for their health care coverage.

B. The Plan Year for this health plan will be October 1st through September 30th each year. This health plan shall also have a Plan Year Deductible Period (October 1st through September 30th).

C. This health plan shall have the coverage of the health insurance carriers selected by the district VEBA Plans.

IV. ESTABLISHMENT OF A VOLUNTARY EMPLOYEES’ BENEFICIARY ASSOCIATION (VEBA)

A. Effective October 1, 2019, the VEBA Plan shall be made available to employees who choose the voluntary high-deductible health plan. Employees assent to and ratify the appointment of the trustee and plan administrator for the VEBA Plan and Trust. It is intended that this arrangement constitutes a Voluntary Employees’ Beneficiary Association under Section 501 (c) (9) of the Internal Revenue Service code.
B. The District shall provide benefits through the VEBA Plan as identified in the Plan document.

C. Investment fees (if any) will be paid from the individual accounts of employees. Monthly administration fees for VEBA and Flex plan administration will be paid for by the district.

V. EMPLOYER CONTRIBUTIONS TO THE VEBA FOR ACTIVE EMPLOYEES

A. The annual total District Contribution for each participant shall be based on each participant’s FTE and coverage selection in accordance with the respective bargaining units’ master agreement or individual contract.

B. At the beginning of every Plan Year Deductible period (October 1), the District will make an annual contribution to the individual employee’s VEBA savings account under the health reimbursement arrangement for all active employees in accordance with the respective bargaining unit’s master agreement or individual contract and district past practice.

1. All contributions to the VEBA savings account on behalf of a VEBA Plan participant shall cease on the date the participant is no longer covered under the high-deductible health plan in Section III.

2. Existing employees may enroll into the VEBA Plan each year during open enrollment, effective October 1st of each year.

3. If an eligible NEW employee enters the VEBA plan as a participant on a date after the first day of the VEBA Plan Year, the district shall prorate the amount of the annual contribution into the VEBA savings account to reflect the late entry (proration is based on the number of months remaining in the VEBA Plan Year (October 1 – September 30).

C. The remaining District Contribution will apply towards the premium. The employee will pay any additional premium amount that exceeds the District Contribution as specified in V.A. above.

D. If the District Contribution is not sufficient to cover the deductible amount, only the District contribution will be deposited into the VEBA savings account. The balance of the premiums will be paid by the employee.

E. If the District’s Contribution is more than the premium for the health plan and the dollar amount that is deposited into the VEBA savings account, the balance of the District contribution will remain with the district, unless the employee’s contract specifies differently.
F. Only employer (District) dollars may be deposited into the VEBA savings account.

G. The school district will continue to offer a Flexible Spending Account program for employee elections of out-of-pocket health related costs.

VI. EMPLOYER CONTRIBUTIONS TO THE VEBA FOR INACTIVE EMPLOYEES

Inactive employees may participate in the voluntary high-deductible health plan. Only those inactive employee’s receiving a District Contribution during the year will receive a District Contribution into their VEBA savings account specified in Section V above. District Contributions toward the premium for the high-deductible health plan will be determined based on the employee’s eligibility for District contributions, if any, after active employment, in accordance with bargaining units’ master agreements or by individual contracts and will be paid according to Section V above. Rules for District Contributions and Inactive Employee’s Contributions follow the same rules as those for active employees as specified in Section V above.

VII. APPLICABILITY

These guidelines and procedures shall apply to all VEBA Plan participants unless specific language is set forth by bargaining unit master agreements or by individual contract.

Administrative Offices
Buffalo, Minnesota  55313

DATE OF ADOPTION  September 22, 2008
DATE OF REVIEW  August 28, 2023
DATE OF APPROVAL  August 28, 2023