Policy No. HR 202

Voluntary Employees' Beneficiary Association (VEBA) – Medical Expense Plan (MEP) for Small Agencies

Applies to: All retirement eligible employees of Eastern Washington State Historical Society (EWSHS).

References that apply to this policy: Listed below are some, but not all, applicable governing requirements. Note: Laws and rules may change over time, and such changes may take precedence over this policy.

- RCW 41.04.340, State employee attendance incentive program
- WAC 357-31-375, Provisions to participate in medical expense plans
- WAC 357-31-150, Employee pay for accrued sick leave

Effective date: March 4, 2026

History: This policy updates and renumbers HR 202 dated January 6, 2021, which updated previous BP #126 dated February 1, 2017. BP #126 replaced HR #112.

Approved by: EWSHS Board of Trustees

Purpose

Employers may provide a medical expense plan to eligible employees that provides for reimbursement of medical expenses. Instead of cash-out of sick leave at retirement as provided in RCW 41.04.340 and WAC 357-31-150(2), employers may deposit equivalent funds in a medical expense plan for eligible employees. The medical expense plan must meet the requirements of the Internal Revenue Code.

Definitions

Eligible Employees – Those employees eligible to retire, in the calendar year, as determined by the provisions of their respective retirement plans.

VEBA-MEP - The Voluntary Employees' Beneficiary Association (VEBA) is a tax-exempt trust and the trustees, or their designees, manage the funds and administer the Medical Expense Plan (MEP). The deposited cash out is used to reimburse the retiree for eligible medical costs.

Participation in the Small Agency Voting Pool

Each year in November, EWSHS will notify the Department of Enterprise Services (DES) Small Agency HR Services if they will be participating in the VEBA-MEP Small Agency Voting Pool for the upcoming plan year (January 1 through December 31 of each year). If EWSHS chooses to participate in the Voting Pool, that decision will be binding and irrevocable for the upcoming plan year – the calendar year. Agencies participating in the voting pool will be bound by and must comply with the results of the vote by the pool members.

Employer Adoption Agreement

If this is new participation in the voting pool, EWSHS must have a fully completed and signed Employer Adoption Agreement on file. This is one time only, once signed and filed.

Determine If the VEBA-MEP Will Be Available

The DES Small Agency HR Services will conduct a vote each calendar year to allow eligible employees the opportunity to decide whether to participate in the plan or not. A simple majority will be used to determine the voting results.

If the majority of a group votes to participate, then all employees in that group who retire during the plan year must contribute their sick leave cash out to the medical expense plan or forfeit the sick leave cash out and balance. Once a group has voted to participate, the decision will remain in effect throughout the calendar year for which the vote was conducted.

If the majority of a group votes not to participate, none of the retiring employees in that group will be eligible to participate in the VEBA-MEP during the calendar year for which the vote was conducted. The results of the vote will remain in effect for any employee retiring throughout the calendar year for which the vote was conducted.

The DES Small Agency HR Services will provide information to eligible employees and coordinate the vote.

Primary Roles and Responsibilities for VEBA-MEP within the EWSHS

Role	Responsibilities
DES Small Agency HR Services	• Contact agencies by November 1 to determine which agencies will be participating in the Voting Pool for the upcoming plan year. • Develop list of participating agencies. • Send new participating agencies VEBA-MEP Policy for completion and signature. • Identify eligible employees to participate in the annual VEBA-MEP vote. • Conduct the vote no later than December 1 of any calendar year.

	• Communicate the results to all employees by December 16 and no later than December 31 of any calendar year. • If the vote is positive, send list of participating agencies to Brian Riehs, Service Representative brian@veba.org for confirmation that each participating agency has an Employer Adoption Agreement on file. The list should include the name and contact information of the person responsible for facilitating completion of each respective agency's Employer Adoption Agreements. • Maintain voting records.
VEBA-MEP	• VEBA Service Group, LLC will facilitate the distribution and collection of Employer Adoption Agreements on behalf of first time participating agencies that do not have such a document on file.
DES Small Agency Financial Services	• If VEBA-MEP is voted in, payroll sends the enrollment form to retiring employees. • Complete the transfer of funds to the VEBA-MEP administrator.
Retiring Employee	• Participate in the annual vote. • Submit the enrollment form at the time of retirement if applicable.