



STATE OF WASHINGTON  
DEPARTMENT OF CORRECTIONS

APPLICABILITY  
**DEPARTMENT WIDE**

REVISION DATE  
5/25/15

PAGE NUMBER  
1 of 4

NUMBER  
**DOC 830.050**

# POLICY

TITLE  
**VOLUNTARY EMPLOYEES' BENEFICIARY  
ASSOCIATION - MEDICAL EXPENSE PLAN**

## REVIEW/REVISION HISTORY:

Effective: 5/26/00  
Revised: 1/4/05  
Reviewed: 12/4/06  
Revised: 11/20/08  
Revised: 2/7/11  
Revised: 5/25/15

## SUMMARY OF REVISION/REVIEW:

I.A. - Adjusted VEBA Plan Administrator

## APPROVED:

Signature on file

\_\_\_\_\_  
**BERNARD WARNER**, Secretary  
Department of Corrections

4/21/15  
\_\_\_\_\_  
Date Signed

 <p>STATE OF WASHINGTON DEPARTMENT OF CORRECTIONS</p> <p><b>POLICY</b></p>	<b>APPLICABILITY</b> <b>DEPARTMENT WIDE</b>		
	<b>REVISION DATE</b> 5/25/15	<b>PAGE NUMBER</b> 2 of 4	<b>NUMBER</b> <b>DOC 830.050</b>
	<b>TITLE</b> <b>VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION - MEDICAL EXPENSE PLAN</b>		

**REFERENCES:**

DOC 100.100 is hereby incorporated into this policy; [RCW 41.04.340](#); [26 USC 501\(c\)\(9\)](#)

**POLICY:**

- I. The Department offers a Voluntary Employees' Beneficiary Association (VEBA) Medical Expense Plan (MEP) to employees. This is an optional benefit program available to employees upon retirement. It allows employees retiring from state service to have the proceeds from their sick leave cash out, at a rate of 25 percent of that balance, deposited tax free in a medical trust account to reimburse the retiree for medical expenses.

**DIRECTIVE:**

- I. General
  - A. The Department will deposit eligible employees' sick leave cash out, at a rate of 25 percent of that balance, tax free into the VEBA trust account. The VEBA trust account is an investment account which earns interest on a monthly basis. The VEBA Plan Administrator is currently Meritain Health. More information about the plan is included in the Description of Plan Benefits and VEBA MEP Participant Enrollment Form, and available on the VEBA Trust website at <http://www.veba.org>.
- II. Eligibility Requirements
  - A. To meet the requirements of the federal tax code, the decision to participate in the VEBA Medical Expense Plan must be a group rather than an individual decision.
  - B. The decision to participate is determined by a vote of eligible employees. Employees eligible to vote are those who are eligible to retire from active service during the next calendar year. The Washington State Department of Retirement Systems is the official source for retirement information.
  - C. An employee must retire to be eligible for the cash out sick leave for the VEBA account.
    1. For the VEBA account, retire means leaving state service and applying for and receiving retirement benefits through the Washington State Department of Retirement Systems.

 <p>STATE OF WASHINGTON DEPARTMENT OF CORRECTIONS</p> <p><b>POLICY</b></p>	<b>APPLICABILITY</b> <b>DEPARTMENT WIDE</b>		
	<b>REVISION DATE</b> 5/25/15	<b>PAGE NUMBER</b> 3 of 4	<b>NUMBER</b> <b>DOC 830.050</b>
	<b>TITLE</b> <b>VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION - MEDICAL EXPENSE PLAN</b>		

### III. Voting Requirements and Results

- A. The Department has defined the voting groups as:
  1. The facilities bargaining unit, including the Marine Department bargaining unit,
  2. The Community Corrections bargaining unit, and
  3. All other employees (e.g., non-represented).
- B. A simple majority of returned valid ballots is required for adoption. In the event of a tie, a coin toss will be used to break the tie.
- C. Employees must follow the voting results of the voting group they are in when they retire. All employees who retire during the calendar year are bound by the election results for their group.
- D. If the VEBA Medical Expense Plan is adopted, all employees in that group who retire while the plan is in effect must authorize the Department to send the proceeds from their sick leave cash out to the VEBA Trust Administrator, using VEBA MEP Participant Enrollment Form. Employees who fail to authorize will forfeit the sick leave cash out.

### IV. Requesting a Revote of Adoption of the VEBA Medical Expense Plan

- A. Each July, all retirement eligible employees will receive information about the VEBA Medical Expense Plan from the Department, as well as notification of a 3 week period in July/August when eligible employees may request a revote.
  1. If 40 percent of the retirement eligible employees within a voting group request a revote, an election will be held in September to determine if that voting group will participate in the VEBA Medical Expense Plan. Results of the election will be announced in September.
  2. If less than 40 percent of the eligible employees within a voting group request a revote, the results of the most recent election will automatically renew the next calendar year.

### V. Employee Responsibility

- A. Each eligible employee is required to sign VB18 VEBA MEP Participant Enrollment Form to participate in the plan. The enrollment form will contain language pursuant to RCW 41.04.340 holding the state of Washington, the Department of Corrections, and any officer or employee thereof, harmless from

 <p>STATE OF WASHINGTON DEPARTMENT OF CORRECTIONS</p> <p><b>POLICY</b></p>	<b>APPLICABILITY</b> <b>DEPARTMENT WIDE</b>		
	<b>REVISION DATE</b> 5/25/15	<b>PAGE NUMBER</b> 4 of 4	<b>NUMBER</b> <b>DOC 830.050</b>
	<b>TITLE</b> <b>VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION - MEDICAL EXPENSE PLAN</b>		

any claim or loss arising out of participation in the VEBA Medical Expense Plan. Employees must submit the form to the Regional Payroll Office before the final paycheck is processed. Any eligible employee who does not sign the form will forfeit the sick leave cash out.

VI. Membership, Benefits, and Forms

- A. Employees eligible to participate in the VEBA Medical Expense Plan can obtain membership/benefit information and forms from the Regional Payroll Office.

**DEFINITIONS:**

Words/terms appearing in this policy may be defined in the glossary section of the Policy Manual.

**ATTACHMENTS:**

None

**DOC FORMS:**

None