

**Red Wing Public Schools**  
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Red Wing, MN 55066



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### School Board Meeting Agenda Item

Topic: HRA / VEBA Plan  
Contact(s):  
Presenter(s): Jackie Paradis, Business Manager

#### Nature of Action Requested by Board

Board action   
Board information or scheduled report

#### Background Information

A Memorandum of Understanding (MOU) was approved at the last board meeting regarding this proposed conversion, but Education Minnesota made some suggested changes. The revised MOU is presented for approval.

Current contracts, agreements and terms and conditions of employment for employees include payments to Health Reimbursement Accounts (HRAs) for eligible employees and retirees. The recommendation is to use VEBAs instead of HRAs as we transition to Blue Cross Blue Shield.

#### Benefits of a VEBA:

- Money is placed in a trust, which ensures the employee that the district will not pull funds back for any reason. In an HRA, the district could pull funds back.
- Funds belong to the participant, even if they leave employment.
- Funds remain in the same account, no blackout period like we have with our HRA now where Health Partners has to roll funds from year to year.
- Participants have the ability to invest in mutual funds if they so choose, a fee of \$1.50 per month applies, paid by the participant. There is no ability to earn interest with an HRA.
- Administratively, a cleaner process. Funds are held in the trust, the district remits the contributions & incentives to the trust on either a monthly or per payroll basis. No need to reconcile the wellness incentives as the district is doing now.

The district can provide VEBAs through the Southeast Service Cooperative (SSC), Further, or other provider. Information related to the recommendation of SSC:

- There is no requirement to have our insurance with Blue Cross Blue Shield to have a VEBA with SSC. If we change carriers in the future, we would not have to move the funds
- VEBAs with SSC allow employees to name a beneficiary if the employee does not have a spouse or health dependent children.
- There are no trust fees with SSC (would be \$1500 trust fee if we set up a VEBA on our own).
- If we want to leave the SSC Trust we would need approval from SSC and other participants.
- The SSC plan is administered by Further.

Other considerations:

- There is no impact to using the Well@Work clinic
- Costs eligible for reimbursement would be no different from an HRA

To change contractual language, a Memorandum of Understanding is needed for each certified bargaining group and the Superintendent. The district also needs to change language in the terms and conditions of employee that include HRA benefits.

#### Recommendation

I move to approve the attached MOU with certified bargaining groups, MOU with the Superintendent, and changes to the terms and conditions of employment for all other employees to provide VEBAs instead of HRAs if all certified bargaining groups agree to the MOU.