

Sample Employee Communication

Important: Revised **Open Enrollment Period** for Benefit Changes

For many years, employees with VEHI/BCBSVT health coverage have been permitted to voluntarily change benefit plans or levels of coverage without a change in the employee's family or employment status (status change) once every 12 months. The change became effective on either January 1 or July 1.

Recently, it came to VEHI's and the school's attention that in order to maintain the tax-advantaged status of our **Cafeteria Plan**, which allows you to elect benefits on a **pre-tax basis**, the school must limit the opportunity to change benefit plans without a legally sanctioned, status change to just once per year. This is a requirement of the IRS.

Because our district's Cafeteria Plan runs on a **fiscal year** cycle, July 1 to June 30, any change in benefits that is not the result of a change in life circumstances- see below- will take effect on the following **July 1**. January 1 will no longer be an option.

Therefore, effective immediately, the school's annual open enrollment period will take place **99/99/9999 to 99/99/999**, with coverage changes effective July 1, 2014. This means that changes in plan coverages, including changing plan options and/or adding or removing eligible dependents without a status change, may only occur during the open enrollment period.

Please Note: This new rule applies not only to VEHI health plans, but to all employee benefits offered by the district that are subject to our Cafeteria Plan, which includes:

Can an employee still change health or other benefit plans at any time during the year if there is a status change approved under law? Yes. The only exception to the new open enrollment rule above is if you have to make a plan or coverage change based on legally permitted changes in your life circumstances; for example, changes resulting from marriage, a birth or adoption, or a dependent's loss of coverage. In cases like these and certain others, under federal tax rules, you can make benefit changes consistent with the type of status change within **#DAYS** days of the event and not pose a problem for the tax-advantaged status of your employer's Cafeteria Plan. For a complete listing of change-in-status events, please contact the business office.

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When does the one open enrollment period go into effect? As noted above, the change to one open enrollment period is effective immediately. Therefore, your next opportunity to enroll in or change your elections for any employee benefit offered by the district is this spring and will be effective July 1, 2014 unless you or an eligible dependent experience a recognized status change.

Please contact the business office if you have any questions or concerns about this change and its impact on you.