



Employee Benefit Issues – School District Mergers

School districts that merge into larger entities will need to fully comply with the **Affordable Care Act** - districts that were formally too small to be subject to the ACA employer mandate will need to comply once a part of a larger district. In addition, merging districts need to align employee benefits and potentially restate their Section 125 plans.

In addition, districts that remain in a Supervisory Union that work closely together to drive efficiencies may, in some cases, be considered ‘**controlled groups**’ by the federal government. Assuming the total number of full-time equivalent employees in the controlled group amounts to more than 50, all entities in the controlled group to meet the obligations of large employers under the ACA even though individual entities may remain small.

In order to assist districts in this area, VEHI and Gallagher Benefits Services will provide interested Act 46 merging school districts with a **comprehensive analysis of employee benefits with a focus on ACA and other federal compliance requirements.** The scope of the review will be on Section 125 plans, cash-in-lieu of offerings, waiting periods, large employer ACA obligations and consistency of health benefit offerings to ensure the new entity remains compliant with current laws and regulations.

Districts that are interested in this review will provide Gallagher data for analysis, copies of these spreadsheets are located on the VEHI and VSBA Act 46 websites. Within four weeks of receipt of the spreadsheets, Gallagher will provide a formal report via Webinar. School business officials and local union leaders should attend the webinar and ask any questions that may arise. Participants may join the webinar from multiple locations, as long as they have internet and phone capabilities.

The cost for this review is \$1,500 per merged entity. If your merging district would like to take advantage of this service, or if you have any questions, please contact Laura Soares at laura@vsbit.org.