

## **SB1140 Implementation For Payroll and Cafeteria Plan**

SB1140, when signed by the Governor, will have two changes that affect agency payroll and personnel officers. The first change is allowing cafeteria plan vendors into state facilities. The second change is moving the cafeteria plan participation to an opt-out plan.

### **Voluntary Vendors in State Facilities:**

The change in statute will state: "Include as an option in the plan any other product eligible under Section 125 of Title 26 of the United States Code **the selection of which may be solicited by a vendor on site in state facilities**, subject to regulations promulgated by the office of administration, and including payment to the state by vendors providing those products for the cost of administering those deductions, as set by the office of administration."

The Code of State Regulations change, to be filed as an emergency rule change when the Governor signs SB1140, will add:

**Voluntary payroll vendors that have qualified for inclusion in the Missouri State Employees' Cafeteria Plan under rules set forth in this section and 1 CSR 10-4.010 must meet the following criteria for solicitation of business on state property:**

**(A) The vendor's product must already be qualified by the Office of Administration.**

**(B) The vendor may only present the products that have qualified for cafeteria plan.**

**(C) The vendor must schedule solicitation visits with each building manager at least one week in advance. Building managers may make more restrictive policies regarding locations and times of visits as long as the restrictions do not prohibit access to state facilities.**

**(D) The vendor must not interrupt employee work time for presentation of products or services or other solicitations.**

**(E) The vendor may not utilize employee representatives to distribute product information.**

**(F) All marketing materials must have prior approval by the Office of Administration prior to distribution.**

**(G) Each vendor must state to employees that their product is not endorsed by the State of Missouri as a state provided benefit and include such statement on all marketing materials.**

**(H) Any vendor violating any one of these criteria may lose their payroll deduction privilege.**

To elaborate and clarify what each subparagraph means:

A) In order for a vendor to enter state facilities to solicit business, they must have already worked with OA/Accounting to qualify their product for the cafeteria plan.

B) Vendors may have many other products they would like to offer, and some may even have a payroll deduction slot, however they may only present the products that have qualified for the cafeteria plan. These vendors and their qualified products may be found at <http://www.mo.gov/mo/cafevendors> which is updated as any products are added.

C) A "building manager" or contact person needs to be named for each facility to accommodate the vendor visits. An area must be provided for the vendor to present their qualified product(s).

D) A vendor cannot request or require any employee to attend a presentation or talk with them about their product(s). An employee should use only breaks or lunches to meet with the vendor. Their meeting should not interrupt their work time in any way.

E) The vendor cannot leave distribution materials with payroll reps, HR offices, or other employees to distribute to coworkers or staff.

F) The vendor must present all marketing materials to OA/Accounting for approval prior to distributing to any State employee.

G) Employees need to understand that their voluntary products are not endorsed or promoted by the State of Missouri, their employer.

H) Agencies should document and report any abuse of these privileges to OA/Accounting.

### **Cafeteria Participation now Opt-out:**

Two changes will be made to the statute. One is the addition of Section 33.103.2(7) RSMo which states: "**Any amount for cafeteria plan administration fees under subdivision (4) of subsection 3 of this section.**" This allows for the Commissioner of Administration to take the administration fee as a deduction from employees' payroll checks. Our current contract with Central Bank/ASI is a 14 cent per pay period amount for participating in the premium only portion of the plan.

The change goes on to state in Section 33.103.3(4) RSMo that the Commissioner of Administration may "**Reduce each employee's compensation warrant by the amount necessary for each employee's participation in the cafeteria plan, except for those individual employees who affirmatively elect not to participate in the cafeteria plan.**" This means that all employees will automatically become part of the cafeteria plan. If an employee chooses *not* to be part of the plan, they must do so in writing or via the online process. Any

employee that waives state sponsored healthcare, dental, and vision coverage will not be charged the administrative fee.

Because SB1140 has an emergency clause, 1 CSR 10-4.010 will also have an emergency rule change which will make the cafeteria plan opt-out policy effective with the open enrollment and new plan year for 2009. It is also important to note that the contract amount for administrative fee changes to .08 cents per pay period in 2009 with the opt-out program. Since health care premiums are now more costly, employees will still realize a net tax savings by participating in the plan.

Another change in the CSR that will affect employees is the reduction of 120 day election period to a 31 day period. Since all employees will be added to the plan automatically, they need to make their opt-out waiver within 31 days of the date of hire. Employees must opt out each year during the open enrollment period.