

## **RESOLUTION #1998-03 STATE OF UTAH 125 CAFETERIA PLAN**

February 19, 1998

**WHEREAS**, the Public Employees' Health Program ("PEHP") is statutorily authorized to provide a mechanism whereby the State of Utah ("State") and its political subdivisions may provide public employees with group insurance in the most economical and efficient manner; and

**WHEREAS**, Internal Revenue Code Section 125 allows employers to create "Cafeteria Plans" which allow employees to purchase qualified group insurance coverage with pre-tax dollars; and

**WHEREAS**, such Cafeteria Plans can be a significant cost savings benefit for employees and the State; and

**WHEREAS**, the State has created a Cafeteria Plan for its employees; and

**WHEREAS**, the State desires that PEHP take over the administration of its Cafeteria Plan in order to consolidate claims paying and audit processes;

**NOW, THEREFORE, BE IT RESOLVED**, that on or about July 1, 1998, or sometime thereafter, PEHP is authorized to enter into a written agreement with the State of Utah to administer the State Cafeteria Plan as long as the following conditions are met:

- a) A written agreement is entered into between PEHP and the State outlining the duties and obligations of each; and
- b) The agreement clearly sets forth that the State is designated as the Plan Administrator, for purposes of duties and responsibilities under applicable federal and state law, and that PEHP is acting solely as a third party administrator of the Cafeteria Plan; and
- c) The State agrees to pay PEHP the administrative cost of administering the Cafeteria Plan; and
- d) The State and PEHP agree that the State shall be solely liable for any and all liability associated with the Cafeteria Plan, and the State shall be entitled to retain any and all gains associated with the Cafeteria Plan.