

Greendale Schools Self-Funded Health Accounting



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Agenda

- Resources
- Daily/Monthly Health Insurance Entries
- Annual Adjustments and Entries
- Questions?

Resources

- [DPI - Self-Funded Accounting Entries](#)
- [WUFAR](#)
- [Year End Entry Example](#)

Premium Equivalency

- A "premium equivalency charge" is developed annually. The premium equivalency charge should include all cost expected to be incurred as a result of offering the plan such as:
 - Expected incurred benefit costs - Health and Pharmacy
 - Stop-loss insurance
 - Plan administration costs

Premium Expenditures

- **Health Benefit Expenditure Accounts** - The district's share is budgeted for and expended to Object 240 using the appropriate function for individuals included in the plan.
- 10 E xxx 240 110000 000 (Example expense account)

Payroll Entry

School Premium Share - Payroll Entry

- **Dr. XX E xxx 240 110000 000 (Entry for each fund)**
 - **Cr. XX.L.815110**

Employee Premium Share - Payroll Entry

- **Dr. Payroll Withholding**
 - **Cr. 10. L.815120**

Retiree Entry

Retiree Premium Paid

- **Dr. Cash**
 - **Cr. 10. L.815130**

Weekly/Monthly Entries

Medical Insurance Premium Paid

- **Dr. 10.L.815110**
 - **Cr. Cash**

Prescription Drug Costs Insurance Premium Paid

- **Dr. 10.L.815110**
 - **Cr. Cash**

*Post these to Fund 10, and adjust Funds at Year End

Premium Expenditures

- **Health Benefit Expenditure Accounts** - The district's **Self Funded Health Deposit Accounts** - The offsetting liability account for the expenditure charge is account
 - 815 100 "Self Funded Health Benefit Deposits"
 - 815 110 "District Share"
 - 815 120 "Employee Share"
 - 815 130 "Non-Employee Payments".

Year End

➤ Year End is the fun part!

Year End - IBNR

- **IBNR (Incurred but Not Received)**
 - Includes services that haven't been billed
 - [Sample Report](#)

Year End - IBNR

➤ Year-End Plan Costs

- Medical Claims +
- Prescription Drugs +
- Admin Fees +
- Stop Loss +
- Incurred but Not Received Invoices -
- Stop Loss Rebates

Year End - Adjustment

➤ Year-End Costs

- If expenses are higher than expenses, you book an increase to expenses
- If expenses are lower than expenses, you book a decrease to expenses

Year End - Adjustment

- **If adjust to actual costs is 5% or less of expenditures charged**
 - **May make the adjustment against object or source account 965 "Self-Funded Health Benefit Cost Adjustment".**
 - **No adjustment to Grants**

Year End - Adjustment

- If adjust to actual costs is 5% or less of expenditures charged
 - May make the adjustment against object or source account 965 "Self-Funded Health Benefit Cost Adjustment".
 - Use this if appropriate based on the situation

Year End - Adjustment

➤ How would you approach the adjustment with each?

Scenario 1	
Budgeted Plan Cost	\$2,000,000
Actual Plan Cost w/IBNR	\$2,060,000
Difference	\$60,000

Scenario 2	
Budgeted Plan Cost	\$2,000,000
Actual Plan Cost w/IBNR	\$2,200,000
Difference	\$200,000

Year End - Adjustment

- **Tie out to Balance Sheet**
 - **Make adjustments between**
 - **Ex. Greendale consolidates balance sheet to costs through 10.L.815110 and 10.L.817000 as of June 30th**

Year End - Adjustment

- **Greendale Example**
 - Year End Adjustments

Year End - IBNR

➤ Pro Tip

- Don't file your year end grant claims until you adjust your self-funded entries.

➤ Questions?