

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Table of Contents

Overview	3
Introduction	3
HIPAA	3
Central Benefits Administration	3
Agency Benefits Administration	4
Agency Payroll and Fiscal Administration	4
Premium Refund Policy	5
Tax Consequences of Premium Conversion Refunds	5
Premium Refund Guidelines	5
Special Considerations	5
BES/CIPPS Processing Features	6
Benefits Eligibility System	6
BES/CIPPS Interface	6
Timing Considerations	6
Valid Transactions	7
Transfers Between Agencies Other Than at the Beginning of the Month	7
Transactions That Require Direct Data Entry in CIPPS	7
Establishing Healthcare Deductions in CIPPS	8
Online Data Entry In CIPPS	8
Leave Without Pay (LWOP)	10
Coverage Code	10
Military IAT, Healthcare Extended Coverage Premiums	11
Medicare Carve-Out	12
Overview	12
Reimbursement Procedure	12
Automated Healthcare Reconciliation	13
Overview	13
Automated IAT	13
Agency IAT	13
Reconciliation Reports	13
U107, Healthcare Exception Report	14
U108, Monthly Healthcare Reconciliation Summary	14
U110, BES Premium Listing	14
U111, Invalid Healthcare Plan/Provider Codes	14
Reconciliation Procedures	15
Reviewing Differences on the U107	15
Listing Differences on Adjustments Worksheet	15
Compiling and Totaling Adjustments	16
BES Screen Prints	16
Agency IAT	16
<i>Premium Reward Discrepancies</i>	17
Certification Form Submission Requirements	17
Reconciliation Compliance Reporting	18

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Sunset Policy.....	18
Compliance Reporting	18
Internal Control.....	18
Internal Control.....	18
Records Retention.....	18
Time Period.....	18
Contacts.....	18
DOA Contact	18
Subject Cross References.....	19
References.....	19

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Overview

Introduction Full-time and Part-time salaried employees choose from among several different healthcare programs. State agencies and employees each pay a portion of health insurance coverage costs. Agencies administer healthcare benefits for their employees and collect and pay premiums to cover the cost of healthcare through CIPPS payroll deductions. An employee’s premium may be reduced slightly by participating in health incentive activities. The reduction is a “Premium Reward” and is funded by the Health Insurance Fund (HIF). Employees are enrolled in a premium conversion plan for “pre-tax” deductions of healthcare premiums in which premiums are exempt from federal, state, and OASDI and HI taxes.

Healthcare coverage is provided on a calendar month basis. One-half of the monthly premium for the coverage month is collected on the paydays of the 16th (of the coverage month) and 1st (of the month following the coverage month). Example: Premiums for June coverage are collected on the June 16th and July 1st paydays. Healthcare rate schedules are located in the Payroll Fiscal Year-End Bulletin on the DOA website.

HIPAA Beginning April 14, 2003, Health Plans, including medical, prescription drug, dental and vision benefits are subject to the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA requires health plans to notify plan participants and beneficiaries about its policies and practices to protect the confidentiality of their health information. For more information, visit the website of the Department of Human Resources Management (www.dhrm.virginia.gov).

**Central
Benefits
Administration**

The Office of Health Benefits in the Department of Human Resource Management (DHRM):

- Administers statewide health benefits and premium conversion plans,
- Manages the Health Insurance Fund (HIF) to which premiums are deposited and from which claims and other bills are paid, and
- Operates the automated Benefits Eligibility System (BES), which serves as the official healthcare enrollment record of the Commonwealth.

Continued on next page

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Overview, Continued

Agency Benefits Administration Agency benefits administrators are responsible for processing new enrollments and enrollment changes, validating employee eligibility, and maintaining BES. When notified of new hires or qualifying status changes, benefits administrators advise payroll administrators immediately to ensure the correct premium rates are applied in payroll processing.

Detailed administrative guidelines governing healthcare plans and BES are available from DHRM.

Central Payroll Administration State Payroll Operations in the Department of Accounts:

- Runs CIPPS, in which payroll deductions for healthcare plans are processed,
 - Runs the interface between BES and CIPPS, which automates the establishment and maintenance of CIPPS healthcare data based on BES updates,
 - Runs the automated healthcare reconciliation, which compares BES enrollment records and CIPPS payroll records to identify differences, and
 - Reviews monthly certification of healthcare reconciliation forms and IAT's submitted by agencies and reports status in the Comptroller's Quarterly Report on Statewide Financial Management and Compliance.
-

Agency Payroll and Fiscal Administration Agency payroll administrators ensure CIPPS payroll deductions are established for employees based on the healthcare plan, and effective dates provided by agency benefits administrators in BES. The employee, premium reward and agency portions are computed in CIPPS during payroll processing. The employee portion is deducted from pay, the agency portion is charged to agency expenditures, and the combined total is transferred to the HIF. The premium reward is funded by existing balances in the HIF.

Whenever overrides are required to collect additional/refund employee or employer health care amounts (e.g., mid-month termination) an override will also be required for the premium reward amount accordingly.

Agencies must review the reconciliation reports, verify exceptions and process IAT's (if applicable) to ensure the correct amount of premiums are collected for each employee.

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Premium Refund Policy

Retroactive Healthcare Changes

Agencies can make retroactive healthcare changes in BES and applicable premium refunds resulting from administrative error or employee status change up to 59 days following the effective date of the change. After 59 days, agencies must contact DHRM for approval and assistance in updating BES.

Premium refunds should not be processed in CIPPS until BES has been updated.

Tax Consequences of Premium Conversion Refunds

State employees enjoy the tax savings of the premium conversion (pre-tax premium) program authorized by section 125 of the Internal Revenue Code. Under IRS rules, the premium actually constitutes a salary reduction, with the state providing the healthcare benefit. Consequently, when employees participating in premium conversion receive refunds in a calendar year subsequent to the year the premium was originally deducted, a corrected W-2 (Form W2-C) may be required.

Premium Refund Guidelines

When healthcare deductions (premiums) are withheld in error, the CIPPS deduction refund process should be used to refund the employee deduction, premium reward and the agency expenditures associated with the premium. The refund must be processed along with the employee's regular payment. Process the refund on HTODA, "Employee Deduction Refund/Adjustment." Reference CAPP Topic 50605, *Tax and Deduction Adjustments*, for instructions.

Special Considerations

Special care should be taken when processing premium conversion deduction refunds. You may need to collect any appropriate taxes due directly from the employee when premium conversion deduction refunds are processed for employees who are no longer receiving regular pay. Upon receipt of the delinquent taxes, the employee's masterfile will have to be updated and taxes deposited. Refer to CAPP Topics 50605, *Tax and Deduction Overrides*, and 20319, *Electronic Federal Tax Payments System (EFTPS)*, for procedures.

Continued on next page

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

BES/CIPPS Processing Features

Benefits Eligibility System

BES is the official healthcare enrollment system of the Commonwealth and the “driver” of health insurance transactions created in CIPPS. To emphasize the importance of this point, the employee benefits screen in CIPPS (HMCU1) displays the message, “Enter Health Transactions in BES.” This informational message remains on the screen as a reminder and does not clear after the Enter key is depressed.

BES/CIPPS Interface

Based on BES updates, a nightly interface automatically establishes and maintains CIPPS healthcare deduction data on the HMCU1 screen, eliminating to a significant degree duplicate manual data entry in CIPPS. The interface changes the CIPPS healthcare plan and provider, and establishes the employee, premium reward and employer payroll deductions on the HOZDC screen. Agencies still receive BES/Agency Transaction Turnaround Documents for all BES updates. Agencies must validate the proper coverage was set up in CIPPS by the interface. The interface also establishes flexible reimbursement account deductions. Refer to CAPP Topic No. 50435, *Flexible Reimbursement*.

Timing Considerations

The timing of transactions entered into BES and CIPPS affects the interface:

- An employee must first be hired in CIPPS, using the Menu/Link functions or individual screen access (HOBNE), to be automatically updated through the interface. Refer to CAPP Topic No. 50305, *New Hires/Rehires*, to establish the employee’s record in CIPPS.
- If no match on agency and employee number is made between BES and CIPPS, the transaction is rejected and listed on Report U130, BES/CIPPS Transaction Error Listing. These rejected transactions will not recycle and must be manually entered in CIPPS, as described later in this topic.
- The effective date of the BES transaction dictates when the entry will update CIPPS. Those transactions which do not contain a future effective date will show on the morning of the second day after entry in BES.

Continued on next page

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

BES/CIPPS Processing Features, continued

Valid Transactions

Valid transactions will update CIPPS. These transactions are listed on Report U131, BES/CIPPS Update Listing. This update listing shows old/new values for the two medical insurance CIPPS codes: provider and plan. Retroactive transactions should be evaluated manually to determine if additional action is required (i.e., retroactive collections or refunds). Note: The U131 also reflects old and new values for the flexible reimbursement accounts.

Transfers Between Agencies Other Than at the Beginning of the Month

DHRM policy requires that when an employee transfers from their current agency to a new agency after the first day of a month, the entire healthcare premium for that month should be collected by the current agency, with the new agency collecting premiums for the month following the transfer. Accordingly, agencies should carefully monitor employee transfer transactions in CIPPS. Employee transfers are reflected on the receiving agency's U131 with a code of 'TR' under the 'CHG IND' column.

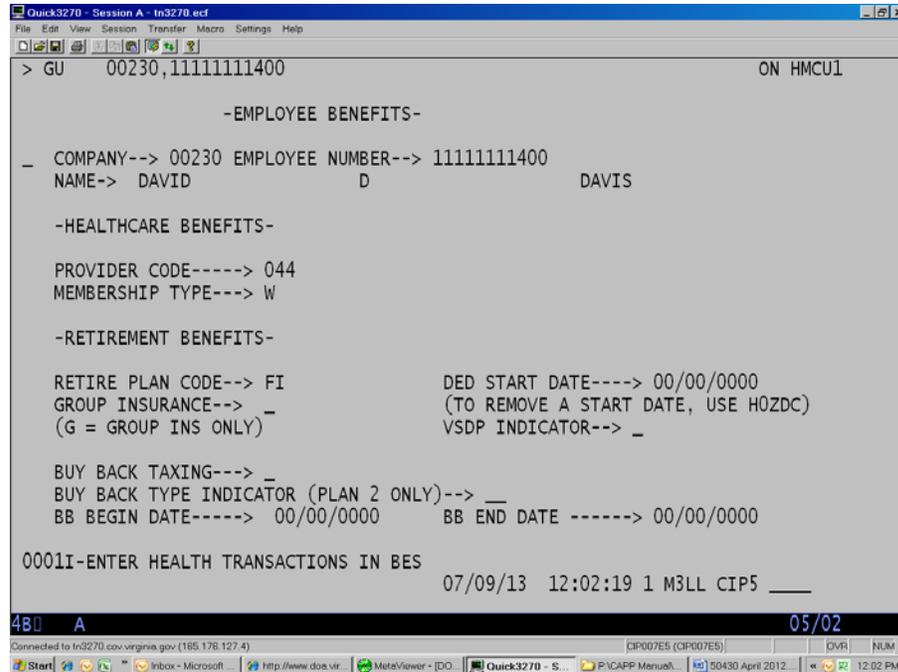
Transactions That Require Direct Data Entry in CIPPS

BES is the initial point of entry for most health care transactions. However, the transactions rejected during the BES/CIPPS interface process and listed on Report U130 require direct entry in CIPPS.

Continued on next page

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Establishing Healthcare Deductions in CIPPS



Online Data Entry In CIPPS

While deduction activity for Health Care should be largely controlled by the automated BES to CIPPS daily update, there may be times when manual data entry will be required. Transaction entry on the Employee Benefits screen (HMCU1) automatically establishes or disables the applicable deductions on the Employee Deductions screen (H0ZDC). However, if the employee has a premium reward amount data entry on HMCU1 will not establish deduction 025. After entering the correct values on HMCU1, reduce deduction 024 on H0ZDC by the reward amount and establish deduction 025 for the reward amount. Access and change the Employee Deductions screen (H0ZDC) as instructed in CAPP Topic No. 50110, *CIPPS Navigation*.

Continued on next page

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Establishing Healthcare Deductions in CIPPS, Continued

Enter the provider code for the health benefits plan selected.			
Provider Name	Active Provider Code	Involuntary Separation Provider Code	Project Code
Kaiser Permanente HMO	006	056	93003
COVA Care Basic	042	092	93002
COVA Care Out-of-Network	043	093	93002
COVA Care Expanded Dental	044	094	93002
COVA Care Out-of-Network and Expanded Dental	045	095	93002
COVA Care Vision, Hearing and Expanded Dental	046	096	93002
COVA Care Full	047	097	93002
COVA Care High Deductible	050	090	93005
TRICARE Voluntary Supplement	110	160	93038
COVA HealthAware Basic	101	151	93033
COVA HealthAwareExpanded Dental and Vision	102	152	93033
COVA HealthAwareExpanded Dental	103	153	93033
COVA Care High Deductible Expanded Dental	105	155	93005
Enter the membership type code.			
Status	Membership Type		
Active/ LWOP	S – Single		
	O – Single – Part time		
	F – Family		
	M – Family – Part time		
	D – Employee plus one dependent		
	T – Employee plus one dependent – Part time		
Ineligible/Terminated	W – Employee waived coverage		
	E – Employee not eligible for coverage		

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Leave Without Pay (LWOP)

LWOP Premium Payment

DHRM Policy requires employees on LWOP due to medical leave, agency convenience, or layoffs to continue to pay the employee share. The agency must pay the agency share of the healthcare premium.

For other reasons (e.g., personal, education) the employee must pay the entire healthcare premium.

Coverage Code

Effective December 1, 2011, codes used on HMCU1 to indicate employees in a LWOP status will no longer be allowed in CIPPS. Previously these codes established the employee-paid deduction for health insurance premiums at a rate of zero (\$0) and the employer-paid deduction at the full premium amount. In lieu of LWOP health care codes the automated reconciliation between BES and CIPPS will ensure that the Health Insurance Fund (HIF) receives all the funds due. The automated recon provides a clear audit trail for audit/fiscal staff to identify employees whose entire health insurance premium is paid by the agency due to LWOP or insufficient pay situations. It is the agency's responsibility to collect the funds from the identified employee in accordance with DHRM's guidelines.

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Military Leave Without Pay

**Military IAT,
Healthcare
Extended
Coverage
Premiums**

Employees on military leave without pay and/or their covered family members are eligible for the State's contribution to active employee premiums for up to 18 months. Agencies are responsible for paying their portion of the healthcare premium for employees on military leave without pay and enrolled in Extended Coverage.

Anthem will direct bill the employee the amount owed by the employee. When Anthem receives payment from the employee, DHRM is notified. At that time, DHRM will submit an IAT to the agency that covers the agency portion for the listed employee for processing.

All healthcare IAT's go to pre-audit hold for review and release by the DOA Benefits Accounting Unit. It is imperative, therefore, that the agency provides DOA with a copy of the IAT being processed for employees on military LWOP. Additionally, non-healthcare transactions should not be included on the IAT as all transactions will be on pre-audit hold until the IAT is released.

Contact DHRM's Office of Health Benefits for guidance regarding employees on military LWOP.

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Medicare Carve-Out

Overview DHRM policy permits employees who are eligible for Medicare because they are diagnosed with end state renal disease (ESRD) to retain healthcare coverage. The State plan pays primary to Medicare for the first 30 months of treatment. After 30 months Medicare becomes the primary payer and the state plan coordinates with Medicare and pays secondary on claims.

Reimbursement Procedure Employees with ESRD who pay Medicare premiums are eligible for premium reimbursement on a quarterly basis. Agencies should:

- Obtain a copy of employee’s Medicare bill or other appropriate documentation.
- Verify Medicare Carveout status in BES.
- Complete Accounting Voucher (per CAPP Topic No. 20310, *Disbursements*) using transaction code 334, object code 1115, expenditure coding determined by agency, batch type 3 or X, with payment made to the employee. This voucher will charge the agency expenditures and generate a check to the employee.
- Process an IAT using the coding in the table below to recover expenditures from the HIF (Health Insurance Fund).
- Submit a copy of the IAT marked **Medicare Carve Out** to DHRM and DOA Health Benefits.

To...	Trans Code	Agency Code	Fund	Rev Source	Project	Object Code
Credit agency	180	Determined by agency.				1115
Charge HIF	340	149	0620	05100	Determined by Provider Code	N/A

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Automated Healthcare Reconciliation

Overview

The Automated Healthcare Reconciliation:

- Runs monthly identifying differences between the premium due according to the BES healthcare plan enrollment and the premium collected through the combined employee, premium reward and agency-paid payroll deductions in CIPPS.
 - Generates reports that list each difference identified.
 - Charges agencies (automated IAT) for differences in which the amount collected through CIPPS payroll is **less than** the amount due in BES.
 - Identifies possible “credit due agency.” Agencies must process an IAT to receive credit.
-

Automated IAT

Automated IAT transactions can be identified in CARS by the coding ‘HLTHREC’ in the CARS agency list number field and ‘AUTOMATED HEALTH RECON’ in the invoice description field.

The automated IAT is not charged to each employee's unique programmatic data. Default CARS coding for the automated IAT is provided by the agency and maintained on a separate table by DOA Payroll/Benefits Accounting.

Agency IAT

Agencies must prepare and enter an agency IAT for any differences in which the amount collected through CIPPS payroll is more than the amount due in BES. This IAT must also include any differences incorrectly charged through the automated IAT and/or additional charges discovered by the agency that were omitted from the automated IAT. Additional procedures governing agency healthcare IAT processing are provided later in this CAPP topic.

Reconciliation Reports

The U107, U108, U110, and U111 reports are produced by the automated reconciliation. In each report, BES premium amounts are taken from CIPPS healthcare tables based upon the BES plan-provider code. The following table applies to all reconciliation reports.

If...	Then...
The employee’s CIPPS plan code changes within the same provider during the month,	The last plan code is used for comparison purposes.
The employee’s CIPPS provider code changes during the month,	Multiple exception reports (one for each provider) are generated.

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Automated Healthcare Reconciliation, Continued

U107, Healthcare Exception Report

Identifies CIPPS and/or BES records that have a variance in the agency number, provider code, plan code, or amount fields. A separate report is generated for each agency-provider-group number combination. Summarizes the BES Total, Payroll Total, Credit Due Agency, and Charge to Agency (Automated IAT). U107 report logic follows:

If ...	Then...
A difference is detected,	An error code identifies the type of exception: <ul style="list-style-type: none"> • 1 – Same plan code, collections ≠ bill amount. • 2 – Different plan code, collections = bill amount. • 3 – Different plan code, collections ≠ bill amount. • 4 – On BES, not on CIPPS. • 5 – On CIPPS, not on BES.
A payroll record is identified for which there is not a matching BES record within the same provider code,	The exception will print on the U107 with a group number of 'blank'.

U108, Monthly Healthcare Reconciliation Summary

Summarizes the total healthcare costs in BES, the premiums collected in CIPPS, the Credit Due Agency, and the Charge to Agency (Automated IAT). A separate report is generated for each agency-provider-group number combination. Premiums Due are itemized by plan code.

U110, BES Premium Listing

Lists the eligibility information in BES by provider and group number. This report is a BES bill that supports the BES premiums due amount on the U108 Summary. It may be used to determine an employee's coverage in BES. Do not submit the U110 to DOA with the Healthcare Reconciliation unless it is required to document an exception.

U111, Invalid Healthcare Plan/Provider Codes

Lists all employees with invalid plan or provider codes in BES or CIPPS. Transactions on this report have not been included in the automated reconciliation. Therefore, agencies must review each exception listed and take corrective action.

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Reconciliation Procedures

Healthcare Adjustments Worksheet

Use this worksheet to document any adjustments required to change the amounts identified in the automated reconciliation. Examples include retroactive adjustments (which require an additional premium due or a reduction in premiums due) and coverage termination (which require a reduction in premiums due). Obtain copies and/or Excel spreadsheets of the Adjustments Worksheet from the DOA website (www.doa.virginia.gov).

Reviewing Differences on the U107

Review every employee listed on the U107 to determine if the differences identified through the automated reconciliation are correct. Use source documents such as enrollment forms and BES Turnaround Documents in your review. Agencies may also identify additional differences that were not identified by the automated reconciliation.

Listing Differences on Adjustments Worksheet

Generally, each employee with an adjustment, whether resulting in a credit or additional charge to the agency, must be listed on the worksheet as specified below. However, as a general rule, do not list employees who are already identified on the U107 under the column Credit Due Agency.

If...	Then...
the total of the Credit Due Agency column on the U107 is correct,	use the U107 as documentation in place of the worksheet.
<i>employees are listed under the Credit Due Agency column for which agency research indicates the credit is not due,</i>	<i>line through the employee amount on the U107, reduce the total under the Credit Due Agency column, list the employee on the adjustments worksheet, provide an explanation and the BES (PSB305 or PSB309 detail) screen print.</i>
<i>employees are listed under the Charge To Agency column for which agency research indicates a charge should not have been made,</i>	<i>line through the employee amount on the U107, increase the total under the Credit Due Agency column, list the employee on the adjustments worksheet, provide an explanation and the BES (PSB305 or PSB309 detail) screen print.</i>
employees are not listed on the U107 for which agency research indicates an additional charge or credit is due,	list the employee on the adjustments worksheet, provide an explanation and the BES (PSB305 or PSB309 detail) screen print for a credit.
the BES Total column is incorrect due to changes made after the generation of the healthcare bill,	list the employee on the adjustments worksheet, provide an explanation and the BES (PSB305 or PSB309 detail) screen print.

Continued on next page

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Reconciliation Procedures, Continued

Compiling and Totaling Adjustments

Bring forward the (adjusted) total Credit Due Agency from the U107 to the adjustment worksheet. Add this total to the other adjustment amounts listed on the Adjustments worksheet, deducting charges and adding credits. If the total is positive, the agency is due a refund from the HIF (agency credit). If the total is negative, the agency owes the HIF (agency charge).

BES Screen Prints

All requests for credit amounts must be supported by a screen print of the PSB305 (Participant Data) for active employees or the PSB309 (Participant History detail) for terminates. The date of the transaction and the transaction type must validate the refund request.

NO REFUNDS (with the exception of those listed on the U107 as “Credit Due Agency”) are allowed without the applicable BES screen print.

Agency IAT

Agencies must prepare and enter an agency IAT to request refunds for credits due the agency or to pay additional charges due the HIF. DOA will not make corrections to agency IAT’s online. DOA will place IAT’s with errors on agency-hold (Status 3) and notify the agency. Agencies must then correct the IAT, release it into CARS, and submit corrected supporting documentation (including a new batch header) to DOA.

The following table summarizes CARS transaction coding for processing agency healthcare IAT’s. Omit Program, Sub-program, and element for transfer lines affecting the HIF (Agency 149).

Used when...	To...	Trans Code	Agency Code	Fund	Rev Source	Project	Object Code*
Payroll deductions exceed BES.	Credit agency	180	Determined by agency.				1115
	Charge HIF	340	149	0620	05100	Determined by Provider Code	N/A
Payroll deductions are less than BES.	Charge Agency	380	Determined by agency.				1115
	Credit HIF	136	149	0620	05100	Determined by Provider Code	N/A

* **1173 is the object code for Involuntary Separation employees.**

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Reconciliation Procedures, Continued

Premium Reward Discrepancies

Effective 7/1/2013, and at the beginning of each month, DHRM will generate a **Premium Reward Discrepancies** report and place it in each agency's folder in **HurMan**.

This report must be

- reviewed by the Fiscal Officer (FO) or his designee (the designee must not have update access in CIPPS),
- evaluated to determine the reason for the discrepancies (if any), and a
- develop a corrective action plan when appropriate.

The report must then be signed by the approving Officer and submitted along with the health care reconciliation package to DOA.

Absence of this signed report with the reconciliation package will be considered incomplete submission of materials. (See **Compliance Reporting** on the next page.)

Certification Form Submission Requirements

Once all plans are reviewed, the approving Officer certifies the accuracy by signing the Certification form and submitting it to DOA along with all required supporting documentation. Obtain copies of the Certification Form from the DOA website (www.doa.virginia.gov).

Healthcare reconciliation/certifications are due by the end of the month following the coverage month. However, the May reconciliation is due mid-June. The exact due date is documented in the FYE Payroll Bulletin.

Continued on next page

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Reconciliation Compliance Reporting

Sunset Policy Agencies forfeit claims to agency healthcare expenditure refunds when healthcare reconciliation/certifications are either not submitted or contain problems that remain unresolved more than two months following the close of the coverage month (one month following the reconciliation/certification due date). Under this policy, late refund IAT's will be deleted and any required charge IAT's will be processed centrally. Employee premium refunds are not affected.

Compliance Reporting Agencies whose healthcare reconciliation/certifications are submitted late, incomplete or with problems requiring additional adjustments are subject to report in the Comptroller's quarterly Report on Statewide Financial Management and Compliance.

Internal Control

Internal Control Agencies must ensure all employee, premium reward and agency premiums due according to BES are calculated and collected timely.

Records Retention

Time Period All applicable forms affecting employee healthcare plan eligibility and the related payroll deductions must be maintained at the agency for four years or until audited, whichever is later.

Contacts

DOA Contact Benefits Supervisor
Voice: (804) 371-8912
E-mail: Payroll@doa.virginia.gov

Benefits Accountant
Voice: (804) 225-2246
E-mail: Payroll@doa.virginia.gov

Volume No. 1—Policies & Procedures	TOPIC NO.	50430
Function No. 50000—Payroll Accounting	TOPIC	HEALTH INSURANCE
Section No. 50400—Deductions	DATE	December 2013

Subject Cross References

References

CAPP Topic No. 20319, *Electronic Federal Tax Payments System*
CAPP Topic No. 20310, *Disbursements*
CAPP Topic No. 50305, *New Hires, Rehires, Transfers*
CAPP Topic No. 50605, *Tax and Deduction Adjustments*
