

Insurance Accounting Training

State (Central Pay) Agencies



Washington State Health Care Authority

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INSURANCE ACCOUNTING TRAINING FOR STATE (CENTRAL PAY) AGENCIES

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INVOICING

Invoicing is created in one of three ways:

- **Monthly:** monthly invoicing is an automated process that runs after the 25th payroll and is for the following month. It runs on “cycle 3”, which is the last weekday of the month, excluding holidays. Invoicing is for coverage for the following month (for example, invoicing created on 01/30/09 will be for 02/09 coverage).
- **Daily:** daily invoicing is used when an agency enters an eligibility change after monthly invoicing has already processed for the month. For example, if an agency retro-enrolls a subscriber on 5/13/09 with an effective date of 4/1/09, the daily process would recognize that 4/09 and 5/09 invoicing had already run and would post both invoices as part of the daily process. These invoices would be part of the 6/09 state share transfer.
- **Manual:** manual invoicing occurs when an agency requests an adjustment (usually via the A.56 screen) because they cannot key the correct effective date for an eligibility change online. In most cases this would be due to the effective date of the change being beyond the lower limit date, the effective date of the change being prior to an existing effective date already on the account, or to correct a keying error. PEBB staff will enter/correct the eligibility information and HCA accounting staff will manually post adjustments to the affected invoices.

PAYMENTS

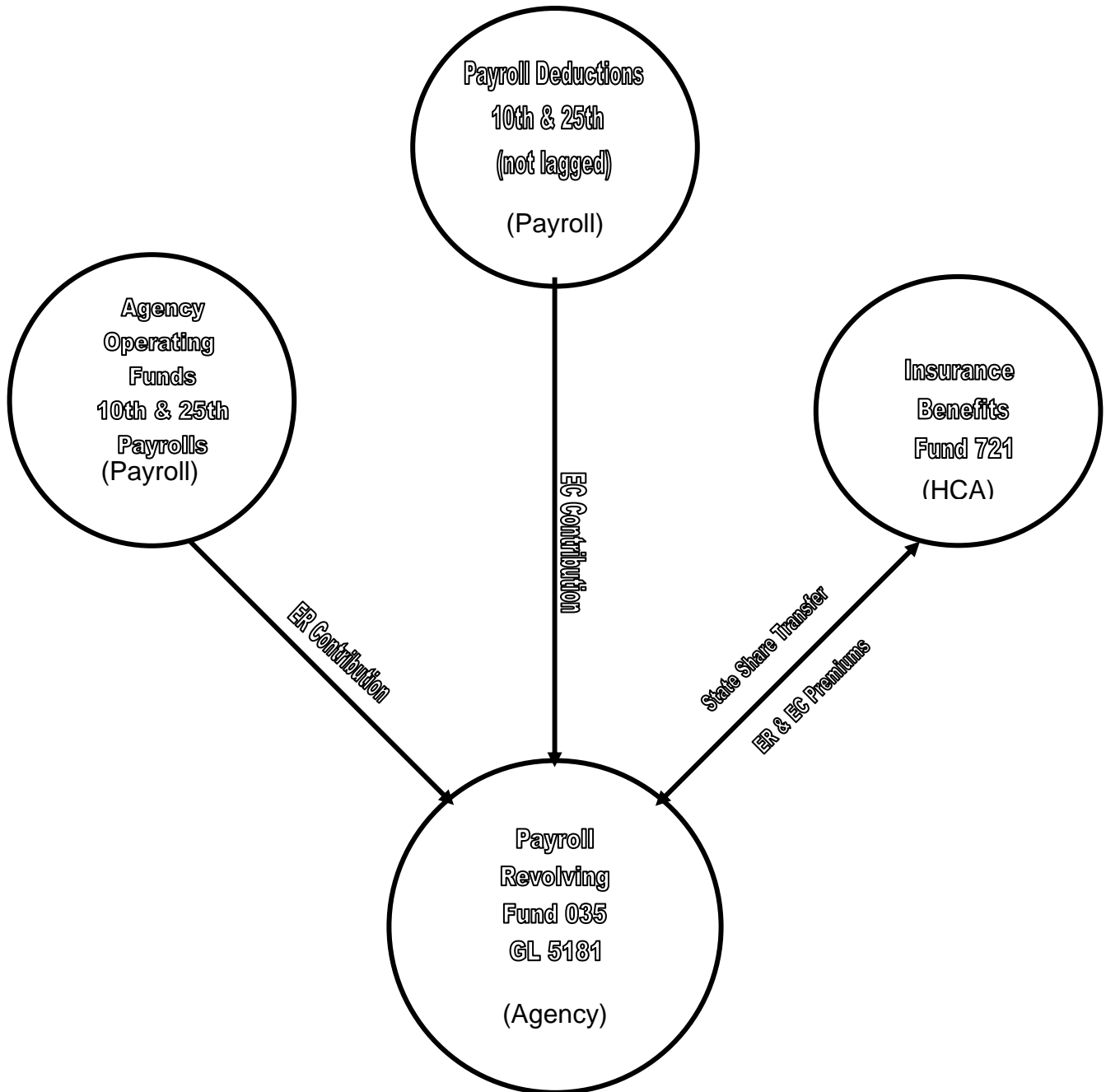
Payments for insurance premiums are made in one of two ways:

- **State Share Process:** this is the automated monthly process by which the state payroll system transfers insurance premiums from your agency to Health Care Authority (HCA).
- **Manual Journal Vouchers:** these are very rarely needed, but Journal Vouchers can be used to transfer premiums outside the automated processes. Journal Vouchers for employee optional Life or LTD or employer health premiums **need to be pre-approved by HCA** before your agency keys its side or sends a Journal Voucher to the State Treasurer’s Office (STO) please send it to HCA for approval. Once the journal voucher is approved, we will send the original to the STO and send a copy back to you.

State Share Transfer Process

- The state share transfer process is an automated process that transfers the amount invoiced for insurance coverage from your agency to HCA.
- This process runs once a month, around the 23rd, and after the payroll has run for the 25th payroll. See the enclosed calendar for 2009 state share transfer process dates, or check the PAY1 system for the on-line calendar.
- The transfer includes both the employer share and the employee contribution. Employee contributions are deducted from the payrolls on the 10th and the 25th of each month for the current month's premium (not lagged like optional premiums).
- The state share transfer process is composed of all invoicing transactions that posted since the prior state share transfer process ran. The transfer includes the entire premium, regardless of the amount actually deducted from the employee's payroll. Example: March's state share process includes all transactions dated from February 24th through the night of March 23rd.
- Discrepancies between payroll deductions for the employee contribution and the amount transferred on state share are reported via the A.23 screen and reports on a monthly basis.

Payroll and the State Share Process



State Share Transfer Process Calendar **for 2009**

Do not key eligibility changes on the State Share Transfer Date!!!

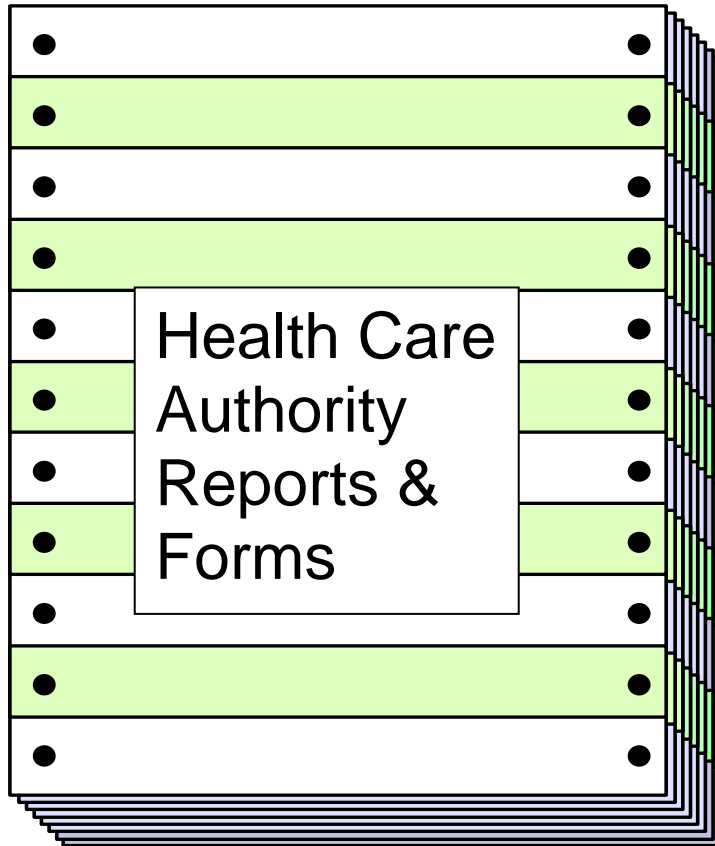
<u>Coverage Month</u>	<u>State Share Transfer Date</u>
January 2009	January 23, 2009
February 2009	February 23, 2009
March 2009	March 23, 2009
April 2009	April 22, 2009
May 2009	May 20, 2009
June 2009	June 23, 2009
July 2009	July 22, 2009 <i>Projected</i>
August 2009	August 24, 2009 <i>Projected</i>
September 2009	September 23, 2009 <i>Projected</i>
October 2009	October 23, 2009 <i>Projected</i>
November 2009	November 23, 2009 <i>Projected</i>
December 2009	December 22, 2009 <i>Projected</i>

System Limitations

- **DO NOT key any eligibility changes that may affect premiums on the day state share runs!!** The changes you key will not fully process before the state share process runs and may cause reconciliation problems for your agency, HCA, and/or the insurance carriers. **Anything not keyed by 6 pm the day before state share runs must be held for two business days and not keyed until one day after state share run.** For example, if state share runs on 03/23/09 (meaning it will run that evening), do not key eligibility changes between 6 pm on 03/20/09 and 6 am on 03/24/09.
- **Keying two different effective dates for any changes on same day.** If you have two different effective dates for changes such as optional LTD that is effective one date and Optional Life that is effective another date, make sure and key each one on a separate day, letting the system update overnight for each change.
- **Keying an enrollment and a termination on the same employee or dependent on the same day causes daily invoicing problems.** If you make an error when keying a change, let the system process the change overnight, and then key the correction the next day.
- **One month of invoicing may not get backed out.** If an employee or dependent is enrolled in error and then terminated effective same date as the enrollment effective date, the insurance system assumes that they were enrolled for one month and will not back out the first month's invoice. Contact HCA Accounting when this occurs and we will manually adjust the invoicing.
- **Keying multiple SSN changes on the same employee or dependent on the same day will cause invoicing problems.** If you change the SSN of an employee or dependent and make a keying error, wait until the next day before keying the correction.
- **Keying eligibility screens out of numeric order can cause problems.** New enrollments (new hires) and multiple changes (like marriage) should be keyed in the order of the screen numbers (i.e.; A.41, A.43, A.44, etc). If the numeric order is scrambled (i.e.; keying the A.45, then the A.44, then the A.43,) the daily invoicing process may not read the data correctly.

Optional Life & LTD Accounting

- **Optional Life and LTD premium deductions for the current month are taken on the 25th payroll of the current month and the 10th payroll of the following month and match the pay period for the pay date** (example: premiums for 04/09 are taken on 04/25/09 and 05/10/09).
- **Optional premiums taken via payroll deduction are automatically transferred to HCA by the payroll system each payroll.** (not monthly like state share).
- **Premiums collected manually (due to LWOP, FMLA etc.) can be transferred to HCA by check or Journal Voucher.** (see form and instructions)
 - **If the employee writes a personal check:** Checks should be made payable to the “Washington State Treasurer” and sent to HCA with a completed “Optional Life and LTD Payment Form” detailing the reason for the payment.
 - **If the agency is paying the premiums (usually due to the employee making the check payable to the agency instead of HCA):** Submit payment to HCA via JV. Send a completed “Optional Life and LTD Payment Form” with the **original** JV to HCA (do not send the JV directly to the treasurer). You should also include the payment details on the JV in the “agency use” and/or “explanation of entry” boxes. Only items not deducted from payroll should be transferred this way. HCA will approve the JV and send it to the State Treasurer. We will also send a copy back to you.
 - **HRMS calculates retroactivity for Optional Life and LTD:** If back premiums need to be deducted from an employee’s pay due to retroactive enrollment of Optional coverage, the payroll system will automatically calculate the amount that should be deducted. If an employee is receiving pay, the payment does not need to be made outside the system. The same is true for refunds that are due to employees due to terminated coverage or waivers.



2009 Medical/Dental Plan Codes

Medical Plan	
<u>Code</u>	<u>Name</u>
AE	Aetna Public Employees Health Plan
C	Group Health Classic plan
CV	Group Health Value Plan
D	Kaiser Permanente Classic Plan
DV	Kaiser Permanente Value Plan
U	Uniform Medical Plan PPO
Z	Default (unassigned) medical code
Dental Plan	
1	Uniform (WA Dental Service) dental plan
3	Willamette Dental Plan
4	DeltaCare
9	Default (unassigned) dental code

Plan code 8 is for Life
Plan code 6 is for LTD

HEALTH CARE AUTHORITY REPORTS FORMAT

Your **AGY/AGY-SUB** is in the top left corner.

Employees are listed alphabetically by last name in the **NAME** column.

Next is the employee's **SSN**

BATCH NUMBER AND SEQUENCE# are assigned by the system and show the source of the adjustment

DLY - Daily eligibility updates - system generated

ADJ - Adjustments made by Health Care Authority Accounts Auditors

INV - Invoicing - system generated

XFE - Transfers - system generated

COV PER indicates the coverage period which is affected

The **TRAN DATE** is the date the transaction occurred and is the same as the run date for daily reports.

AGY/SUB-AGY is listed for the adjustment

The **ACCTS REC** shows the **ER** - which includes both the employer portion and the employee health portion.

The **CARRIER PREMIUMS** section shows the amount paid to the carriers.

The **MED EC** line shows the employee health portion.

The **PV (premium variance)** is the difference between the amount paid to the carriers and the account receivable amount (amount collected).

SAMPLE MDR

(Miscellaneous Deduction Register)

Form A5-1

HEALTH CARE AUTHORITY | 107 | HEALTH CARE AUTHORITY MARCH 23, 2009

STATE TREASURER MD/DNT INS 0 INS703

		INS. CODE	EMPLOYEE	EMPLOYER	TOTAL PREM.
008-11-0000	ANDERSON, FRED	031009	101.00	561.00	662.00
111-55-1111	JAMES, SHARON	031009	49.00	561.00	610.00
001-01-0001	JOHNSON, WILLIAM	031009	24.00	561.00	585.00
009-01-0001	SANDERS, AMY	031009	24.00	561.00	585.00
002-01-0001	SMITH, JAMES	031009	31.00	561.00	592.00
007-11-0011	ZANE, MARY	031009	36.00	561.00	597.00
TOTAL FOR PLAN 09			265.00	3,366.00	3,631.00
TOTAL FOR TYPE 09			265.00	3,366.00	3,631.00
DEDUCTION TOTA 09			265.00	3,366.00	3,631.00

(This report is produced monthly on the 25th payroll for ER/EC and both payrolls for optional Life and LTD)

Using the “Daily Eligibility Update Report” and “Daily Adjustment Report”

- These reports are produced nightly out of the daily invoicing process based on eligibility updates and manual adjustments that have been keyed throughout each day.
- In order to verify that accurate accounting adjustments were made, the following fields of the report should be checked when an account appears on the report:
 - **Employee Name and SSN** – verify you have keyed or requested updates for all employees listed (not all changes will show, employees will only show if the eligibility changes resulted in premium changes). If you keyed changes on additional employees that don’t show up, but you think the changes affected the premium, contact HCA.
 - **Coverage Period** – is in YYMM format. Verify you have received accounting changes for each month.
 - **Agency/Sub-Agency** – verify that only invoices/credits for your employees have been invoiced and/or credited and the correct sub-agency was keyed.
 - **Amount** - A negative sign (“-“) after a dollar amount indicates a credit to your agency. No negative sign indicates a charge to your agency.
 - **Carrier Premiums (Health and Dental)** – verify the health and/or dental carrier codes are accurate. The amounts listed are what will be paid to the carrier and do not directly relate to the amount the agency or employee pays.
 - **Med EC** – verify that the appropriate carrier code and corresponding employee contribution has been properly credited and/or invoiced. (Although this detail falls under “Carrier Premiums”, it represents the amount that will be sent to payroll as “Employee Contributions”).
 - **Accts Rec - ER** – verify that your agency is being credited and/or billed the appropriate employer amount(s). This amount listed is the combined total of the employer contribution (**\$561.00**) plus the employee contribution.
- If you identify any discrepancies or expected different charges, please contact HCA Accounts Receivable for a review of the transactions.
- The net result of these daily eligibility updates will process during the next State Share process and will be transferred to HCA. You will see a line for each invoice or credit, for each month, for each employee on the MDR from state share.

DAILY ELIGIBILITY UPDATE REPORT

REPORT NAME: Daily Eligibility Update Report by Agency

REPORT NUMBER: HRISDB5044-R04

DESCRIPTION: Shows daily eligibility updates made by the agency payroll offices, and/or HCA's eligibility department that resulted in daily premium adjustments. The daily eligibility update report shows invoices and credits for each affected coverage period for each employee. Agencies should receive this report the day after changes affecting premiums have been keyed for that agency/sub-agency.

MONTHLY ELIGIBILITY UPDATE REPORT

REPORT NAME: Monthly Eligibility Update Report by Agency

REPORT NUMBER: HRISDB5044-R14

DESCRIPTION: This report is an accumulation of all daily eligibility updates keyed on-line throughout the period.

SEQUENCE: Agency/Sub-Agency

TIMING: Produced around the 22nd of each month (not produced if no changes were keyed during the prior month)

Using the Monthly “Eligibility Update” and “Adjustment” Reports

- **Monthly Eligibility Update Report:** This report is a compilation of all the Daily Eligibility Updates that have occurred since the last monthly report, and it can be used in conjunction with your Monthly Adjustment Report to check your monthly state share MDRs for accuracy.
- **Monthly Adjustment Report:** This report is a compilation of the manual accounting adjustments that have occurred since the last monthly report, and it can be used in conjunction with your Monthly Eligibility Update Report to check your monthly state share MDRs for accuracy.
- .

DAILY ADJUSTMENT REPORT

REPORT NAME: Daily Adjustment Report by Agency

REPORT NUMBER: HRISDB5044-R02

DESCRIPTION: Shows all manual adjustments made by HCA accounting staff on a specific date. These adjustments could not be made on-line and may have been requested through payroll offices, through the A56 process, or to correct erroneous invoicing due to keying errors. The daily adjustment report shows invoices and credits made to one or more coverage periods. Agencies will only receive this report for days on which manual adjustments have been keyed for that agency.

MONTHLY ADJUSTMENT REPORT

REPORT NAME: Monthly Adjustment Report by Agency

REPORT NUMBER: HRISDB5044-R12

DESCRIPTION: This report is an accumulation of all daily adjustments keyed on-line throughout the period.

TIMING: Produced around the 22nd of each month (not produced if no changes keyed)

DAILY TRANSFER HOLD FORWARDING REPORT

REPORT NAME: Daily Transfer Hold Forwarding Report by Agency

REPORT NUMBER: HRISDB5044-R06

DESCRIPTION: Shows employee accounts which were in transfer-out status and which had not been appointed by the new agency prior to the monthly invoicing cycle. This report will only be produced for those employees in transfer-out status during the monthly invoicing cycle.

REPORT NO: HRISDB5044-R06

STATE OF WASHINGTON
 HEALTH CARE AUTHORITY
 DAILY TRANSFER HOLD FOWARDING RPT BY AGENCY

RUN DATE: 03/22/09
 PAGE: 1

AGY/AGY-SUB:107

NAME	SSN	----- BATCH -----		COV PER	TRAN DATE MM/DD/YY	AGY-SUB	-ACCTS REC-		SHR	----- CARRIER PREMIUMS -----				
		NBR	SEQ#				AMOUNT	TYP		BENEFIT C TYPE C	BASIC AMOUNT	OPTIONAL AMOUNT	TOTAL	
JOHNSON, MAGIC	444-44-4444	XFE0322	000	0903	02/28/09	107	94.03	PV		HEALTH U	773.10			
							763.00	ER		DENTAL 1	77.18			
										LIFE 8	4.30			
										LTD 6	2.45			
										(MED-EC P	57.00)			

						SUBSCR TOTAL	857.03				-----	857.03	-----	857.03

AGENCY 107	TOTAL
	857.03
	ER TOTAL 675.00
	EE TOTAL .00
	EC TOTAL .00

MONTHLY TRANSFER HOLD FORWARDING REPORT

REPORT NAME: Monthly Transfer Hold Forwarding Report by Agency

REPORT NUMBER: HRISDB5044-R16

DESCRIPTION: This report includes all information reported on the Daily Transfer Hold Forwarding Reports by Agency for the period.

It is important you verify that an employee does not continue to show on the report for more than one month. If they do, then the gaining agency or HCA accounts receivable needs to be contacted.

Reconciliation Notes

- It is your responsibility to reconcile the payroll deductions to the HCA reports and report any discrepancies to HCA accounting.
- Each month, compare your payroll reports to the HCA state share invoice (MDR) to identify any differences between what you were billed and what you expected to be billed. **Reports; A.23 Employee HRISD-PAY001P1-R01 (HCA) Employer HRISD-B5570-R01 (HCA) General Ledger Account Analysis Flexible ,acct 035 & GL 5181 (Fastrack) PC00_M99_URMR (HRMS) ZHR_RPTPY126 (HRMS ER costs)**
- For any differences noted, determine where the difference is and if the adjustment needs to occur on the payroll side or if HCA needs to make adjustment.
- If the discrepancy was caused by an enrollment change that has not been keyed or has been keyed incorrectly, simply correct the enrollment in the PAY1 insurance system. (Contact HCA Trainers if you need assistance asktraining@hca.wa.gov). The adjustments will come through on the next state share process.
- If the eligibility is correct, but the premiums charged are wrong, please contact HCA Accounts Receivable section.
- Review the accounts identified on **the previous month's reconciliation** to ensure that the corrections have come through. Errors **or changes** should be corrected **by HCA** within two billing cycles of being reported. **If you do not see the correction, e-mail HCA accounts receivable.**
- Remember the HCA "Retroactive Termination Policy". You are only allowed to terminate coverage or receive credit for retroactive changes on an employee for three previous billing cycles. If the termination or change isn't processed timely, you could end up being responsible for the premiums for the months beyond the three month window.
- **This also applies to adjustments to the employee's contribution amount.** If retroactive terminations are made for dependents then this is also subject to the "Retroactive Termination Policy". **If the retro term policy does apply, watch the employee's paycheck as the credit and charges will not be processed on the same dates. Put web site**
- Remember to check your state share MDR if you were expecting a credit to hit the insurance reconciliation screen and it appears to have not happened. Depending on when the transaction was keyed, you may have received full credit under the employer instead of the employee contribution crediting separately. Your MDR can verify that problem if it occurs. **(Changes for both the EC and ER portions would show under Employer column)**

Basic Reconciliation formula

(Employer HRISD-B5570-R01) – (Corrected HRMS total on HRISD-B5570-R01) + (A.23 ending balance prior month) – (A.23 ending balance current month) = (GL 5181 activity for current month)

HCA PEBB ACCOUNTS RECEIVABLE CONTACT LIST

- **Mary Sam**
Fiscal Analyst 2, PEBB A/R
Specialty: DRS/Pol Sub/K-12
Phone: 360-252-3394
- **Marlys Hamilton**
Fiscal Analyst 2, PEBB A/R
Specialty: Self Pay
Phone: 360-252-3397
- **Jann Peters**
Fiscal Analyst 2, PEBB A/R
Specialty: State/Hi Ed/FSA
Phone: 360-252-3388
- **Ryan Jory**
Accounts Receivable Supervisor
Phone: 360-252-3396

HCA PEBB Accounts Receivable email address:

PEBBAR@hca.wa.gov

Fax Number: 360-252-3476

Notes:

- For eligibility contact HCA Benefits Section at 1-800-700-1555.

Email notification of problems or questions is appreciated as it provides a written backup for investigation and correction of accounting adjustments.