Dave Yost · Auditor of State

TO: UAN Users

FROM: UAN Support

DATE: December 12, 2014

SUBJECT: Additional Guidance To Account For Healthcare Reimbursements

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Note: The following guidance is for entities that provide their employees with taxable healthcare reimbursements. Other entities should disregard this memo. If you are unsure if this applies to your entity, contact the IRS for a determination before reading further.

Note: The following is additional guidance to the *Guidance for Entities to Account for Healthcare Reimbursements in the Auditor of State's Uniform Accounting Network (UAN)* communication from June 2014.   The communication is posted on our website at: **https://uanlink.ohioauditor.gov/pdf/communications/UAN_Instructions_for_Healthcare.pdf**

The UAN application has been enhanced to incorporate the new 'Healthcare Reimbursement' payroll earning type and new object code '228: Payment for Reimbursement of Health Insurance Premiums' as prescribed by Local Government Services. The purpose of this earning type and object code is to provide your entity with additional clarity for these reimbursements. UAN recommends that you make the following modifications to account for the healthcare reimbursements for year 2015 and beyond.

HEALTHCARE REIMBURSEMENTS PROCESSED THROUGH THE ACCOUNTING OR PAYROLL SOFTWARE WILL COMPLETE STEP 1 AND STEP 2.

STEP 1: ADD APPROPRIATION OBJECT CODE 228

STEPS TO ACCESS

Accounting → Maintenance → **Appropriation Accounts**

A. Click the Add button. On the Add Appropriation Account form, select the fund, program, and cost center (typically the default 0000), then select 228 from the list of object codes.

B. Click Save. The lower left corner of the form will confirm that the account was saved.

C. Repeat the process for the funds and programs necessary to complete the transition from the old accounts you used in 2014 to the new reimbursement accounts for 2015.

D. Click Close when finished.

Suggestion: If the old appropriation accounts that were used for healthcare reimbursements in 2014 will not be used for other expenditures in 2015, you may remove them in work year 2015 by marking the account(s) in the Appropriation Accounts list grid and clicking Remove. You may do this after editing the affected employees to use the new accounts in step 4. If you attempt to remove an account while it is still attached to any employee's earnings, you will receive a message informing you of which employee(s) it is attached to.

STEP 2: ENTER APPROPRIATION BUDGET FOR OBJECT CODE 228

STEPS TO ACCESS

Accounting → Maintenance → **Appropriation Budgets**

A. Add Temporary or Permanent appropriations

Reminder: Verify the legislation for your temporary and/or permanent appropriations for the new year includes the new appropriation accounts for the healthcare reimbursements.

CONTINUE WITH STEP 3 AND STEP 4 IF HEALTHCARE REIMBURSEMENTS ARE PROCESSED THROUGH THE PAYROLL SOFTWARE.

STEP 3: ADD NEW EARNING TYPE

STEPS TO ACCESS

Payroll → Maintenance → **Earnings & Leave**

A. Click the Add button, on the Add Earnings & Leave form type a unique name for the new Healthcare Reimbursement earning (cannot be the same as the existing earning). From the Type drop down list select Type 93XX, click Save and Close.

B. Deactivate the non-retirement earning used for healthcare reimbursements in 2014. Mark the non-retirement earning and click Deactivate. Close the Earnings & Leave form.

STEP 4: EDIT EMPLOYEE SETUP

STEPS TO ACCESS

Payroll → Maintenance → **Employees**

A. Edit each employee who had the non-retirement earning for healthcare reimbursements. Remove or deactivate the old non-retirement earning, then add the new earning type (this is a two-step process).

B. Click Edit and select Advanced.

C. On the Edit Employee form, click on the Earnings tab, mark the non-retirement type healthcare reimbursement and click Remove or Deactivate. Remain on the Edit Employee earning form.

D. Click Add. On the upper left of the Add Employee Earning form, complete the Position information (position, type department and classification for ODJFS). On the upper right of the Add Employee Earning form, select the new Healthcare Reimbursement, earning type 93XX. Select the frequency of the healthcare reimbursement payment. Enter the amount of the healthcare reimbursement. **Do not click Save yet**. Click on the Withholdings tab and attach (i.e. mark the checkbox) all withholdings that should be applied to the healthcare reimbursement. Click on the Accounts tab and enter the new appropriation account(s) that will pay the reimbursement. If using multiple accounts you must select a split method. Click Save and Close.

E. Repeat Steps A though D for each employee that will continue to receive healthcare reimbursements in 2015.

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