

MCHCP Health Care Plan or Other Employer-Sponsored Group Insurance – Tax-Free

This procedure is used by county extension offices where council-paid employees participate in a **tax-free employer-sponsored health care plan**.

A University Subsidy may be applicable. The University offers the following definitions to distinguish between Extension Stipend and University Subsidy.

- Extension **Stipend** refers to the amount that the university provides to offset part of the employee's taxable compensation. Review [Extension Stipend procedure](#), if needed.
- University **Subsidy** refers to the amount that the university provides to offset part of the employer-sponsored tax-free health premiums.

The University Subsidy and Council contributions toward **employer-sponsored insurance is tax-free**. Examples: Missouri Consolidated Health Care Plan (MCHCP), County Government where Council has an agreement to include secretary in the County's insurance, or Other provider where the Council has a contract with another employer-sponsored group insurance.

Contact [Tamra Robbins](#) or [Diane Dews](#) to determine employee's eligibility.

MCHCP will bill each extension office separately on approximately the 15th of the month prior to the premium billing coverage and represent member data received and processed prior to that date. Premium payment is due, and must be received at the MCHCP office, by the 15th of the premium coverage month. For example, the July bill will be mailed to the extension office on June 15, and will be due by July 15. Non-MCHCP health insurance providers will have their own billing cycle. Refer to the [Health Plan Description Guidelines](#) for information on documentation, approved reimbursements, and employee eligibility for tax-free medical reimbursements.

Failure to make payment within the appropriate time frame could result in **termination of coverage**.

Contacts:

MCHCP	Each council employee with health insurance should receive information about their MCHCP Communication Specialist. If uncertain of contact, review the MCHCP Communication territories map site. http://www.mchcp.org/Publications/pe/CommunicationsTerritoriesMap.pdf
Secretary Benefits Administrator	Tamra Robbins, robbinst@umsystem.edu 573 882-7755
QuickBooks Administrator	Mary Ann Horvath, horvathm@missouri.edu 314 516-6153

Invoice

The MCHCP invoice mailed to each extension office will include the university's subsidy, the council's (employer's) cost, and the employee's deduction, if any. The secretary should provide proof of private insurance billing or actual allowable out-of-pocket expenses. The County Program Director and the Bookkeeper will be responsible for posting and creating MCHCP benefit payments in a timely manner to prevent insurance coverage cancellation.

Special Expense Account

The council will pay the university's subsidy and will receive an advance 3-month payment from MU Extension prior to each quarter. The payment will be deposited in a **restricted QuickBooks Class code and an expense account as a reduction of expense**. Monthly payments for the university's subsidy will be posted to the **same class code and expense account** as offsetting entries. At the end of each quarter, if there is no change in personnel participating in the MCHCP plan, the expense account's balance should be zero.

University Subsidy Reimbursement

The extension office may elect to have their university quarterly subsidy reimbursement

- Mailed as a check to the office, or
- Sent as a direct deposit to the council's bank account. For Direct Deposit information, go to <http://extension.missouri.edu/acctmanul/Deposits/Direct%20Deposits.pdf>

Monthly Payments

The monthly MCHCP premium, including the council, employee, and university share, must be paid the month prior to the premium coverage. For example, February premium will be posted to the employee's January paycheck transaction. Premium check must be received at the Missouri Consolidated Health Care Plan office no later than the 15th of the premium coverage month.

Posting University Subsidy Premium Transactions in QuickBooks

Before reporting the Tax-Free medical premium transactions in QuickBooks, the following items need to be created.

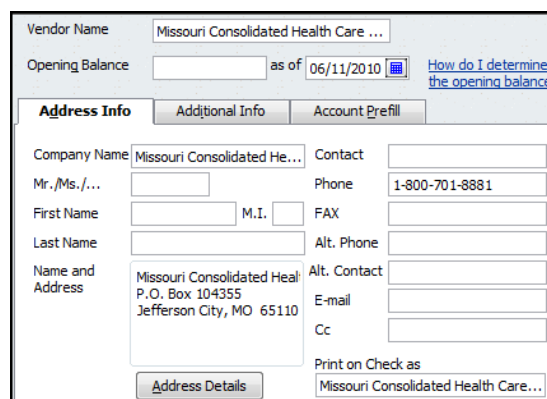
- MCHCP (or another Provider) Vendor
 - New Class code for University Subsidy
 - MCHCP Expense account or University Subsidy Expense
 - Medical Insurance Report to track the University's subsidy deposits and the monthly payments.
- The above tasks are performed one-time only.*
- Deposit Transaction for University's quarterly Subsidy.

The following items in QuickBooks need to be edited.

All Payroll items relevant to MCHCP payments – change payroll vendor.

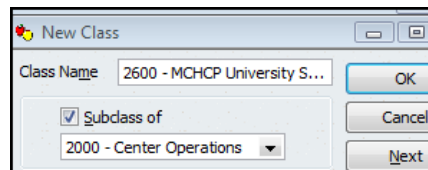
Create MCHCP Vendor (or another vendor)

- Select **Vendor** from menu bar.
- Select **Vendor Center**.
- Select **New Vendor** button, top left corner.
- Enter address information for the Insurance Provider. Contact, phone, email information also may be added.
- Refer to MCHCP or other Provider correspondence for correct address and phone number and email.
- Click **OK** to save.



Create Class Code

- Select **Lists** from menu bar.
- Select **Class list**
- In the lower left corner, select **Class button**.
- Select **New**.
- Enter the class number and name as **2600-MCHCP University Subsidy, or 2600-University Subsidy**.
- Place a checkmark preceding **Subclass of**
- Select 2000-Center Operations. (this is optional)
- Click **OK** to save.



Note: If class 2600 already is in use, you may consider changing the existing 2600 class code to another number before creating the 2600 class for University Subsidy.

Create University Subsidy Account

- Select **Lists** from menu bar.
- Select **Chart of Accounts**
- In the lower left corner, select **Account button**. Select **New**.
- Select **Expense**. Select **Continue**.
- Number = **2836** (or another number).
- Account name = **MCHCP Medical University Subsidy** (or another name).
- Place **checkmark** preceding subaccount of 2800 – Payroll expenses.
- Click **Save and Close**.

Edit all Pertinent Payroll Items Relevant to Tax-Free Council Contribution

If the following MCHCP payroll items currently are in use, edit the payroll item and change the payroll vendor name to **Missouri Consolidated Health Care Plan, or another insurance provider**. Your payroll item names may vary.

- MCHCP Medical-Employer
- MCHCP Dental-Employer
- MCHCP Vision-Employer
- MCHCP EAP-Employer
- MCHCP Medical-Employee deduction (Pre-tax)
- MCHCP Dental-Employee deduction (Pre-tax)
- MCHCP Vision-Employee deduction (Pre-tax)

- Select **Lists**.
- Select **Payroll Item List**.
- Right click on one of the MCHCP payroll items, as described in above-mentioned list.
- Left click on **Edit Payroll Item**.
- Click **Next** to go to 2nd screen. Change the payroll vendor name to **Missouri Consolidated Health Care Plan, or another insurance provider**.
- Continue clicking **Next** button until last screen. Select **Finish**.
- Repeat for each appropriate MCHCP Payroll item.

Employee's Payroll Data File

The employee's payroll data must be updated when the following insurance premium share cost is changed. The adjustment must be paid **once month prior to the premium period**.

- the employee's share
- the Council's share
- the University's share

For example, the January premium must be paid when the employee's December paycheck is created.

- Open the **Employee Center**.
- Select the **Employees Tab**.
- Double-click on the **employee's name**.
- On left side bar, select **Payroll Info**.
- Under **Additions, Deductions and Company contributions**, change the amount for the appropriate payroll item name.
- Select **OK** to save the change.

ADDITIONS, DEDUCTIONS AND COMPANY CONTRIBUTIONS	
ITEM NAME	AMOUNT
MCHCP Medical Withholding	-50.00
MCHCP Medical Benefits-Employer	70.00

Prepare the MCHCP (or other Provider) Check Transaction

When the employee's paycheck transaction is created, the council and employee liability transactions will be created. The council, employee, and university subsidy contributions are due, and must be received at the MCHCP (or other provider) office, by the **15th of the premium coverage month**. For example, the July 2013 bill will be mailed to the extension office on June 15, 2013 and will be due by July 15, 2013.

The council and employee's portion of the MCHCP premiums included in the employee paycheck transaction will display in one of the following views: Payroll Plan Subscriber or Non-Payroll Plan Subscriber.

The University's monthly subsidy will be added to the liability check transaction.

Payroll Plan Subscriber view

Send By	Status	Payment	Met...	P...	A...
07/01/10	Upcoming	MCHCP Medical Withholding	Check	Jun...	50.00
07/01/10	Upcoming	MCHCP Dental Benefits-Employer	Check	Jun...	26.00
07/01/10	Upcoming	MCHCP Medical Benefits-Employer	Check	Jun...	182.00
08/02/10	Upcoming	MO Unemployment Insurance	Check	Q2 ...	179.33
08/02/10	Upcoming	MO Withholding	Check	Q2 ...	129.00

Select **View/pay** to display liability check transaction.

In order for the 3 payroll items to be made under one check to the same payroll vendor, be sure to enter the same MCHCP (or other Provider) account number assigned to your office in each Payroll Item. **Lists, Payroll Item Lists.**

Agency for company-paid liability

Enter name of agency to which liability is paid:

Enter the number that identifies you to agency:

Non-Payroll Plan Subscriber View

Payroll Item	Payable To	Balance	Amt. To Pay
MCHCP Dental Benefits-Emp...	Missouri Consolidated Health Care Plan	26.00	26.00
MCHCP Medical Benefits-Emp...	Missouri Consolidated Health Care Plan	182.00	182.00
MCHCP Medical Withholding	Missouri Consolidated Health Care Plan	50.00	50.00

- Select the appropriate council contribution and employee deduction from the **Scheduled Liabilities screen or the Custom Liabilities screen**, as noted above, to create the liability check transaction.
- Add the University's monthly subsidy payment under the **Expenses tab** in the liability check transaction, as illustrated in sample check transaction following this section.
- Use account 2836-MCHCP Medical University.
- Assign class 2600-MCHCP University Subsidy or 2600-University Subsidy
- Enter the **amount of the University's monthly subsidy**.
- In Memo field, identify the month for the premium payment coverage. *Remember that you are posting the premium payment one month prior to the premium coverage.*
- Under the **Payroll Liabilities Tab**, the **class code should be blank**.
- **Change the amount of the check** to combine the totals from the Expenses tab and the Payroll Liabilities tab.
- **Save** the transaction and print the check when ready.

No. To Print
Date 06/30/2010
\$ 458.00

Pay to the Order of Missouri Consolidated Health Care Plan

Four hundred fifty-eight and 00/100* ***** Dollars

Address Missouri Consolidated Health Care F
P.O. Box 104355
Jefferson City, MO 65110

Memo 1492

Change the check amount to combine the totals under the Expenses tab and the Payroll Liabilities tab.

Period: 06/01/10 - 06/30/10

Expenses \$200.00 Payroll Liabilities \$258.00 To be printed

Account	Amo...	Memo	C..	B..	Class
2800 - Payroll Expenses:2836 ...	200.00	Univ July...			2000 - Center Operations:2600...

Enter class 2600 for expense account 2836 under the **Expenses tab**.

Expenses	\$200.00	Payroll Liabilities	\$258.00	<input checked="" type="checkbox"/> To be printed
Payroll Item	Amount	Memo	Class	
MCHCP Medical Withholding	50.00			
MCHCP Medical Benefits-E...	182.00			
MCHCP Dental Benefits-E...	26.00			

Do not enter a class code under the **payroll liabilities tab**

Create Deposit Transaction for University Subsidy

For the deposit transaction for the University's 3-month subsidy, use the account 2836-MCHCP Medical University expense (or whatever account number and name created) and class code 2600-MCHCP University Subsidy, or 2600-University Subsidy. This deposit transaction is a reduction of expense. The university subsidy can be included with other transactions waiting to be deposited.

Payment Method may be check or Direct Deposit type.

Received From	From Account	Memo	Chk ...	Pmt Meth.	Class	Amount
University of Missouri-Columbia	2800 - Payroll Expenses:2836 ...	3rd Qtr MCHCP University subsidy		Direct Deposit-University	2000 - Center Operations:2600 - MCHCP Univ...	600.00

For Direct Deposit information, go to

<http://extension.missouri.edu/acctmanual/Deposits/Direct%20Deposits.pdf>

Create a New Payment Method – Direct Deposit (optional)

If you signed up for the University's direct deposit, create a new payment method type.

- Select **Lists** from the menu bar
- Select **Customer and Vendor Profile Lists**
- Select **Payment Method List**
- At bottom left, select **Payment method button**. Select **new**.
- Enter **Direct Deposit-University (or another name)**
- Under Payment type, select **Cash**.
- Select **OK** to save.

Payment Method
Direct Deposit-University

Payment Type
Cash

Create the Tax-Free Medical University Subsidy Report

Twice a year, the - University Subsidy Report is sent to **Tamra Robbins** at the MU Extension fiscal office. Due dates are July 15 and January 15. The subsidy report is a **continuous, multi-year report** with the date range 01/01/2010 (the year the subsidy procedure changed) to 12/31/current year.

Once a year, change the ending date to 12/31/current year in the date range. The **beginning date always should be 01/01/2010**. The two bi-annual reports should include the multi-year date range.

This report will track the university's quarterly subsidy deposit and the monthly subsidy payments. The deposit will be a reduction of expense. At the end of the year, if there is no change in personnel participating in the MCHCP plan, the balance for account 2836 should be zero.

- Select **Reports** from menu bar.
- Select **Custom Transaction Detail Report**.
- Select **Filters** tab.
- Under **Choose Filter**, select **Account**.
- A little to the right, under **Account**, select the **down arrow** and scroll down the list of accounts and select **2836-MCHCP Medical Univ** (or whatever name you created).
- On the left, under **Choose filter**, scroll down and select **Class**.
- A little to the right, under **Class**, select the down arrow and scroll the list of classes and select **2600 – MCHCP University Subsidy**.
- Select the **Header/Footer** tab.
- In the Report Title text box, change the **report title** to MCHCP Medical University Subsidy Report, or another title.
- Click **OK**. Click **OK** again.
- Remove unnecessary columns but retain the following columns, as noted in the sample report.
- **Type, Date, Number, Name, Memo, Class, Amount, Balance.**
- At top of report, the **date range** should be **01/01/2010 to 12/31/current year**.
- Select **Memorize** and create a **Report Name**. (The Report Title may be used as the Report Name)
- Save report in a group, if desired.
- Click **OK**.

Here is a sample report.

07/25/11		University Insurance Subsidy Report							
Accrual Basis		January 2010 through December 2011							
Type	Date	Num	Name	Memo	Account	Class	Amount	Balance	
Jan '10 - Dec 11									
Deposit	06/20/2010		University of Miss...	3rd Qtr University...	2836 · MCHCP...	2000-Center Operations:2600...	-300.00	-300.00	
Liability Check	07/31/2010	6421	Missouri Consolid...	July University s...	2836 · MCHCP...	2000-Center Operations:2600...	100.00	-200.00	
Liability Check	07/31/2010	6422	Missouri Consolid...	August Universit...	2836 · MCHCP...	2000-Center Operations:2600...	100.00	-100.00	
Liability Check	08/31/2010	6423	Missouri Consolid...	September Unive...	2836 · MCHCP...	2000-Center Operations:2600...	100.00	0.00	
Deposit	06/22/2011	9876	University of Miss...	3rd qtr univ subsidy	2836 · MCHCP...	2000-Center Operations:2600...	-300.00	-300.00	
Liability Check	06/30/2011		Missouri Consolid...	July univ premium	2836 · MCHCP...	2000-Center Operations:2600...	100.00	-200.00	
Jan '10 - Dec 11							<u>-200.00</u>	<u>-200.00</u>	

Status Report

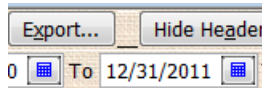
The report will be reviewed to determine current balance of university subsidy deposits and monthly MCHCP university payments.

Export the University Subsidy Report

Export the report to Excel in an **Excel format** to Tamra Robbins.

With the MCHCP Report opened,

- click the **Email** button just above the date range.



- Select **Send Report as Excel**.
- Select **OK** for the Security message screen.
- An email message screen displays. Enter **Robbins, Tamra** in the **TO** field.
- Add your name and county and phone number to the end of the message contents screen.
- Select **Send**.

Funds Class Balance Report

In the Funds Class Balance report, the **net effect** of the reduction of expense (deposit) to account 2836-MCHCP Medical University and to class 2600-MCHCP University Subsidy when the deposit is posted, less the monthly expense, as reflected in the above MCHCP Medical University Subsidy report, is illustrated in the sample Funds Class Balance reports for June, July, and August.

Funds (Classes) Balances to Date	
As of June 30, 2010	
◇ Jun 30, 10 ◇	
2000 - Center Operations	
2600 - MCHCP University Subsidy ▶	400.00 ◀
Total 2000 - Center Operations	400.00
TOTAL	400.00

\$400.00 = Net effect of \$600.00 deposit in June less \$200.00 monthly expense.

Funds (Classes) Balances to Date	
As of July 31, 2010	
◇ Jul 31, 10 ◇	
2000 - Center Operations	
2600 - MCHCP University Subsidy ▶	200.00 ◀
Total 2000 - Center Operations	200.00
TOTAL	200.00

Funds (Classes) Balances to Date	
As of August 31, 2010	
◇ Aug 31, 10 ◇	
TOTAL ▶	0.00 ◀

If an employee resigned or retired before the end of the quarter and did not participate in the MCHCP (or other Provider) health plan for one or more months within a quarter, the council may apply the university subsidy deposit to the new employee. Therefore, the council may carry a positive balance in class 2600 until a new employee is hired.

Refund

If a new employee is not hired for a considerable duration of time, the Council may be required to create a **refund check** payable to University of Missouri for the unused advanced university subsidy deposit. The check transaction should include the 2836-MCHCP Medical University expense account (or whatever account number and name created) and class code 2600-MCHCP University Subsidy.

Pay to the Order of <u>University of Missouri</u>		No. To Print
Date <u>12/31/2010</u>		\$ <u>400.00</u>
Four hundred and 00/100* *****Dollars		
Address <u>University of Missouri-Columbia AR</u>		
Memo		
Expenses	\$400.00	Items \$0.00
		<input type="checkbox"/> Online Payment <input checked="" type="checkbox"/> To be printed
Account	Amount	Memo
2800 - Payroll Expenses:2836 - MCHCP Medi...	400.00	Refund unused university subsidy
		2000 - Center Operations:2600...

For accounting assistance, call the QuickBooks Administrator