

Out-of-Pocket Medical Expenses

This procedure is used by county extension offices where an employee elects to be reimbursed for out-of-pocket (co-pays, deductibles, co-insurance) medical expenses.

Effective January 1, 2013, Council employees may elect to use the University Health subsidy for out-of-pocket medical expenses, instead of health insurance premiums. These expenses include deductibles, co-pays, and co-insurance specifically for the council employee.

Since these expenses are after-the-fact type of reimbursements, a **different Class Code** will be used when posting the deposit and check transactions in QuickBooks, instead of using class code assigned for the MCHCP premium payments. [See separate MCHCP University Subsidy procedure.](#)

Contacts

Secretary Benefits Administrator	Tamra Robbins, robbinst@umsystem.edu 573 882-7755
QuickBooks Administrator	Mary Ann Horvath, horvathm@missouri.edu 314 516-6153

Refer to the [Extension Health Subsidy Guidelines](#) for information on documentation, reimbursement schedule, and examples of eligible reimbursements for **out-of-pocket costs**.

QuickBooks Transactions

Vendor Name

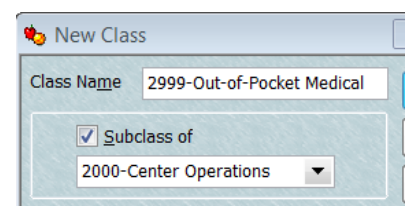
When reimbursing the employee for out-of-pocket medical expenses, use a vendor name instead of the employee name in QuickBooks.

- Select **Vendor** from menu bar.
- Select **Vendor Center**.
- Select **New Vendor** button, top left corner.
- Enter **name**. The vendor name must be slightly different than the employee's name. For example, Mary Smith for vendor name; Mary A. Smith for employee name.
- Enter address information for the vendor.
- Click **OK** to save.

Class Code

Use a different class code. Do not use class 2600 for posting out-of-pocket medical expenses. Class 2600 is reserved for MCHCP Medical premium reimbursement.

- 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 **2999-Out-of-Pocket Medical**.
(if class 2999 already is used, create another 2xxx class code)



- Place a checkmark preceding **Subclass of**.
- Select 2000 – Center Operations. (this is optional)
- Click **OK** to save.

Expense Account

For the University subsidy on out-of-pocket medical expense, use the **same expense account as the MCHCP Medical Subsidy premium. The expense account, 2836-MCHCP Medical University Subsidy**, already should be created in your Chart of Accounts.

If this expense account does not exist, then review the following steps to create a new expense account.

Create MCHCP Medical University Subsidy Expense 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**
- Account name = **MCHCP Medical University Subsidy**.
- Place **checkmark** preceding subaccount of 2800 – Payroll expenses.
- Click **Save and Close**.

Prepare the Out-of-Pocket Reimbursement Check

A separate, **regular check** (not payroll check) is created to reimburse the employee for the out-of-pocket medical costs. Appropriate documentation of the actual medical expenses must be approved by the county program director before a reimbursement check is created. Documentation also must be submitted to the Secretary Benefits Administrator at MU Extension. Refer to the [Extension Health Subsidy Guidelines](#) for maximum reimbursement limit.

In the check transaction..

- Use the vendor name (not the employee name)
- Select **2836-Medical University Subsidy Account**
- In **Memo** field, specify the quarter period.
- Select **class 2999-Out of Pocket Medical**.
- Complete all necessary fields to complete the check transaction (date, check number, amount, etc.)
- **Save**.

Account	Amount	Memo	C...	B...	Class
2800 - Payroll Expenses:2836 - ...	225.00	out of pocket costs for xrays			2000-Center Operations:2999-Out-of-Pocket Medical

Deposit Transaction

For the deposit transaction for the University quarterly out-of-pocket subsidy, use the expense account **2836-MCHCP Medical University expense and class code 2999-Out of Pocket Medical** (or whatever class was created). This deposit transaction is a reduction of expense.

Sample Deposit

Deposit To **050 · Checking** Date **12/31/2012** Memo **Deposit**

Click Payments to select customer payments that you have received. List any other amounts to deposit below.

Received From	From Account	Memo	Chk...	Pmt M...	Class	Amount
University of Miss...	2800 · Payroll Expenses:2836 · ...	4th Qtr reimbursement for Redford	7632	Check	2000-Center Operations:2999-Out-of-Poc...	275.00

Two forms of Reimbursement

- The Council receives the out-of-pocket subsidy reimbursement check or direct deposit from the university and then issues a check from council funds (class 2999 and expense 2836) to the employee for the appropriate amount.
- Or, the Council may elect to reimburse the employee from council funds (class 2999 and expense 2836) as soon as a medical expense reimbursement form is submitted. University reimbursement check or direct deposit to the Council will be issued later.

Out-of-Pocket Medical Reimbursement Report

A report is **not** sent to the Secretary Benefits Administrator. However, if the county program director or Council requests a report, here is the procedure for creating the report.

- 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 University Expense**
- 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 **2999-Out-of-Pocket Medical. (or whatever 2xxx class name you created)**
- Select the **Header/Footer** tab.
- In the Report Title text box, change the **report title** to Out-of-Pocket Medical Reimbursement 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.**
- Specify appropriate **date** range – quarterly, annual.
- 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**.

Sample Report

2:41 PM

12/11/12

Accrual Basis

All-American County Extension Council

Out-of-Pocket Medical Expenses

October through December 2012

Type	Date	Num	Name	Memo	Class	Amount	Balance
Oct - Dec 12							
▶ Check	10/19/2012	6417	Redford, Robert R.	out of pocke...	2000-Center Operations:2999...	225.00	225.00 ◀
Check	12/11/2012	6418	Redford, Robert R.	co-pay spec...	2000-Center Operations:2999...	50.00	275.00
Deposit	12/31/2012	7632	University of Miss...	4th Qtr reim...	2000-Center Operations:2999...	-275.00	0.00
Oct - Dec 12						<u>0.00</u>	<u>0.00</u>

According to IRS ruling, the council does **not** report the out-of-pocket medical expense on the employee's W2 form.