

Business Requirements Document

SR83938 - Streamline W-2 Health Insurance Reporting Process

Information Technology Services

Office of the President

Document Information

Document Attributes	Information
ID	83938
Owner	Payroll Coordination and Tax Services
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Revision History

Version	Issue Date	Changes
1.0		1 st Draft
1.1	07/10/13	B. Burkart – added some suggestions; Started functional requirements.
1.2	7/17/13	B. Burkart – updates based on 7/16/13 meeting.
1.3	7/31/13	B. Burkart – accepted previous tracked changes. Changed terminology to use Department location indicator in place of sub-location.
1.4	8/2/13	B. Burkart – updates resulting from meeting with ITS and PR Coord on 8/2.
1.5	8/5/13	B. Burkart – updated proposed strategy.
1.6	8/6/13	B. Burkart – added to proposed strategy for W-2 to add up the new GTNs.
1.7	8/20/13	S. Whitney – Added GTN numbers to Sections section 1.4 and 5.2 (R0001, R0003, R0004, & R0005). Accepted all prior changes. Added Protrack.
1.8	9/3/13	B. Burkart – added revised UPAY934. Added GTN545 for new GTNs.
1.9	9/4/13	B. Burkart – Only EAP costs are averaged, not StayWell. Per Kris Lange bargaining units participating in StayWell for 2013 is same as 2012. Kaiser employees still do not participate in StayWell. Added StayWell and EAP rates provided by Kris Lange. EAP rates in Attachment C. New modes are C calculate and R report for PPP606 (the Box 12/DD process). File layout Attachment D. Removed requirements about the number of sets of health-related costs to display.
1.10	9/11/13	B. Burkart – changes from kickoff meeting. Added EAP rates for 2013 tax year.
1.11	9/12/13	B. Burkart – removed redundant EAP and StayWell info. Renumbered attachments.
1.12	9/16/13	B. Burkart – John B. clarified that we should use the non-COBRA StayWell amount again this year. Replaced the spec card table in the attachment.
1.13	9/17/13	B. Burkart – we will display all fields of the CSV regardless of run mode of PPP606. Minor update from John B. re: the spec cards.
1.14	10/9/13	B. Burkart – removed the requirement to average the EAP costs in a month.
1.15	10/10/13	B. Burkart – updates to p. 8 (2.3) and R0011 - StayWell and EAP should be included only if the employee has a positive PPS medical cost amount. Replaced UPAY form GTN606.
1.16	10/15/13	B. Burkart – updated revised UPAY934 form.
1.17	10/23/13	B. Burkart – Updated Rate and Barg unit attachment – barg units had been omitted in error.
1.18	10/28/13	B. Burkart – handle up to 8 department location indicators per location, not 6. Also deleted “bargaining units to be excluded same as last year.”

Document Approvals

Role	Name	Signature	Date
Controller	Peggy Arrivas		

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1 Overview

The objective is to streamline the process for reporting the health Insurance costs on the Form W-2 for the 2013 tax year and beyond. The new procedure will remove calculations and manipulations related to health insurance reporting from the annual W-2 process. This will allow more time for campuses to review data and make any necessary corrections. It will also reduce the risk of adverse impact to the overall W-2 process.

1.1 Background

IRS Code Sec. 6051(a)(14) was enacted as part of the Affordable Care Act (PPACA) and requires employers, including federal, state, and local government entities, to calculate and report the cost of applicable employer-sponsored health insurance coverage on employees' Form W-2.

This reporting requirement is for information purposes only and is not taxable income. The purpose of the reporting is to provide useful comparative consumer information to employees on the cost of their health care coverage.

Per the IRS regulations, the University of California first began reporting this information on the 2012 W-2 issued in January, 2013. The health insurance costs are reported in Box 12 of the W-2 using code DD. For CY 12, the majority of the health insurance cost data (excluding EAP and StayWell) was not available to campuses prior to running the W-2 process. This created problems for campuses when adjustments needed to be made to these totals. For example, campuses may need to add non-PPS benefits such as Housestaff Health Care Plan, or resolve other discrepancies.

1.2 Related Projects & Dependencies

R1999 - SR83411 - Capture the health insurance costs to report on the W-2

R2044 - SR83660 - Include the cost of EAP and StayWell to the health insurance amount reported.

R2053 – SR83752 – 2012 W-2 Changes

SR100288 – 2013 W-2 Changes

EAP/StayWell Spec – Cards (or electronic equivalent that can be uploaded) need to be provided by HR before production control can run the Box 12 DD process.

1.3 Stakeholders

Acronym	Description	Role
*	Authorize	Has ultimate signing authority for any changes to the document
R	Responsible	Responsible for creating this document
A	Accountable	Accountable for accuracy of this document (e.g. project manager)
S	Supports	Provides supporting services in the production of this document
C	Consulted	Provides input
I	Informed	Must be informed of any changes

Name	Position	*	R	A	S	C	I
Marcia Johnson	Senior Analyst		X	X			
John Barrett	Director			X	X	X	X
Peggy Arrivas	Controller	X					

1.4 Proposed Strategy

- Streamline the W-2 health insurance reporting process for 2013 going forward.
- Remove calculations and manipulations related to the health insurance cost reporting from the regular W-2 process and add to the existing process that calculates StayWell and EAP costs. This will allow campuses more time to review data and make any necessary adjustments and error corrections. It will also reduce the risk of adverse impact to the W-2 process.
- Run the new health insurance reporting process prior to running the annual W-2 production process.
- Set up four new GTNs to store YTD balances for: StayWell, EAP, Total Health Insurance Costs from PPS (including employer contributions and employee deductions), and other non-PPS Health Insurance costs.
 1. GTN 604 StayWell YTD
 2. GTN 605 EAP YTD
 3. GTN 606 Total YTD Health Insurance Costs from PPS
 4. GTN 607 YTD Health Insurance Costs from Non-PPS sources

- Modify the Box 12/DD process so that it calculates the amounts for StayWell, EAP, and Total Health Insurance Costs from PPS, and then creates a transaction file with DA (Dollar Adjustment) transactions that will be processed in a compute in order to populate three of the four new GTNs.
- The Box 12/DD process should also produce a CSV reporting file containing totals for the PPS medical insurance, EAP, and StayWell amounts; the totals will match the amounts in the DA transactions for the three GTNs. Campuses must review this file to make sure that these components of Box 12/DD are accurate.
- The Box 12/DD process should have two different modes: C (calculate) and R (report). DA transactions should only be produced when the process is run in “C” mode. This mode field has been added to UPAY 934.
- Once the GTN YTD balances have been populated, if campuses need to add to or subtract from any of the Box 12/DD components, they may do so by creating additional DA transactions and processing them in a compute.
- Expand the number of Department Location Indicators that the EAP/Staywell process can handle for each location to a maximum of eight.
- Box 12/DD process should be modified to be able to read multiple spec cards during the same run (one for each Department Location Indicator).
- A more efficient and less error-prone way to identify GTNs for the purpose of accumulating StayWell and EAP costs for Box 12/Code DD is being explored. It is suggested that the process look at GTN attributes rather than specific GTNs.
- Modify the Box 12/DD process to exclude any deductions in the PAR that are not “normal” such as one-time, suspended or prepayment items. These deductions can be identified by either the XPAR-SPEC-TRANS or XPAR-SOURCE-CODE fields.
- The W-2 process should be modified so that it sums up the YTD balances of the four new GTNs and displays the result on the W-2.
- Implementation timing: locations should be able to run this process after the EDB is frozen for tax purposes and before the W-2 processing begins.

1.5 Glossary

N/A

2 Product/Solution Scope

2.1 Included in Scope

- Changes to health insurance cost calculations for Box 12, code DD on Form W-2 for 2013 tax year and beyond. This includes moving the calculations and manipulations from the W-2 process into a separate process.
- Enabling campuses to adjust amounts that will be reported in Box 12, DD. This includes the ability to add amounts that are not stored in PPS, such as Housestaff Health Care coverage.

2.2 Excluded from Scope

Other changes to W-2 (these are included in SR100288 – 2013 W-2 Changes)

2.3 Assumptions & Constraints

- Some bargaining units may opt out of StayWell. This is subject to change from year to year. HR has provided the exact list for the 2013 tax year in a spreadsheet.
- For tax year 2013, employees in the Kaiser plan still do not participate in StayWell, as was the case for the 2012 tax year.
- The cost of StayWell is the same regardless of location; however, the cost of EAP varies by campus and Department Location Indicator.
- 2013 EAP location rates (for reference) are in Attachment D.
- Locations may need to adjust the dollar amounts to be included in Box 12/DD. It is important to have an audit trail, and the DA adjustment method will provide such an audit trail.
- Campuses need to be able to explain to the employee how the total amount in Box 12/DD was derived. It should tie to a report.
- EAP/StayWell Spec - Cards (or electronic equivalent that can be uploaded) need to be provided by HR before production control can run the Box 12/DD process.
- StayWell and EAP amounts should be included only if the employee has a positive PPS medical cost amount.
- There is no need to prorate the EAP cost for a given month.

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- DA transactions produced by the Box 12/DD process should only be run through a compute once the CSV file has been reviewed and the campus is satisfied with its contents. Campuses will be instructed to only process the DA transactions one time, to avoid double-counting.

2.4 Outstanding Items

ID	Description
	None

3 Business Services and Processes

N/A

4 Business Rules

N/A

5 Business Requirements

5.1 User Requirements

N/A

5.2 Functional Requirements

Req ID	Requirement Type	Requirement Description	Priority [L/M/H]	Comments
R0001	Control Table Updates	<p>Four new GTNs should be set up for the purpose of storing YTD balances for:</p> <ul style="list-style-type: none"> • GTN 604 - Total StayWell cost • GTN 605 - Total EAP cost • GTN 606 - Total of Health Insurance Costs that are recorded in PPS • GTN 607 - Total of "other" Health Insurance Costs that are not recorded in PPS (e.g., Housestaff plans) <p>See attached UPAY form.</p>	H	These GTNs should be "inactive" so as not to impact any other PPS processes. Testing is needed to insure that the W-2 process can pick up data from the inactive GTNs.

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R0002	W-2 Tax Processing	The W-2 process should be modified to remove existing calculations/manipulations related to the health insurance costs reported in Box 12, code DD. Instead, the W-2 process should sum up the YTD balance amounts stored in the four new GTNs.	H	
R0003	Health Insurance Cost Calculations	<p>All calculations/manipulations related to the health insurance cost data for Box 12, code DD should be consolidated in a separate process that can be run prior to W-2 processing.</p> <p>This process should produce a transaction file of DA transactions that will be fed into a compute to update three of the four new GTNs. The file should include StayWell, EAP, and Health Insurance.</p> <ol style="list-style-type: none"> 1. GTN 604 StayWell YTD 2. GTN 605 EAP YTD 3. GTN 606 Total YTD Health Insurance Costs from PPS 	H	
R0004	Health Insurance Cost Calculations	<p>The process should have two different modes: C for calculate and R for report.</p> <p>Calculate mode should:</p> <ul style="list-style-type: none"> • calculate the total medical insurance cost (including the employee and employer portions), total StayWell cost 		

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		<p>and total EAP based on PAR data</p> <ul style="list-style-type: none"> • read the 4 new GTN YTD balances • produce the CSV file • produce the DA transactions <p>Report mode should:</p> <ul style="list-style-type: none"> • calculate the total medical insurance cost (including the employee and employer portions), total StayWell cost and total EAP based on PAR data • read the 4 new GTN YTD balances • produce the CSV file 		
R0005	Health Insurance Cost Calculations	<p>This process should produce a CSV file containing medical insurance cost totals (including EAP and StayWell) for campus review.</p> <p>This file should be made available to campuses prior to the process that creates the W-2s.</p> <p>The proposed file layout is in Attachment C.</p> <p>The file should include a total of the medical insurance costs to be loaded into the new GTN 606 - Total YTD Health Insurance Costs from PPS.</p>	H	
R0006	Health Insurance Cost Calculations	A mechanism should be developed that will allow the locations to adjust the health	H	

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		<p>insurance costs as needed.</p> <p>Campuses need to be able to separately adjust the YTD balances in the four new GTNs through the compute process (DA transactions).</p> <ol style="list-style-type: none"> 1. GTN 604 StayWell YTD 2. GTN 605 EAP YTD 3. GTN 606 Total YTD Health Insurance Costs from PPS 4. GTN 607 YTD Health Insurance Costs from Non-PPS sources 		
R0007	Health Insurance Cost Calculations	The EAP/StayWell calculation process should be able to handle up to eight Department location indicators for each location.	H	
R0008	Health Insurance Cost Calculations	<p>Currently the StayWell and EAP calculation process is run once for each Department location indicator.</p> <p>This process should be modified to be able to read multiple spec cards during the same run (one for each Department location indicator).</p>	H	EAP/Staywell Spec – Cards are prepared by HR.
R0009	Health Insurance Cost Calculations	The method of identifying GTNs for the purpose of accumulating StayWell and EAP costs for Box 12/code DD should be improved for better accuracy.	H	Health-related GTNs can be identified by Benefit Type H for Medical Insurance.
R00010	Health Insurance Cost Calculations	PAR deductions such as one-time, suspended, or prepayment items should be excluded from the health insurance cost calculation	H	

		<p>process.</p> <p>It is suggested that the process only include PAR deductions where both XPAR-SPEC-TRANS and XPAR-SOURCE-CODE fields are blank.</p>		
R0011	Separated Employees	StayWell and EAP amounts should only be included if the employee has a positive PPS medical cost amount.	H	
R0012	Forms	<p>Changes to UPAY934 include:</p> <ul style="list-style-type: none"> • update name from PPSWEAPY to PPP606 • Add new “mode” field C for calculate and R for report. 	H	See attached sample
R0013	EAP	<p>Currently, if an employee worked concurrently in multiple Department Location Indicators in a given month, we average the EAP costs for that month.</p> <p>Going forward, this averaging of EAP costs should no longer be done.</p> <p>Instead of averaging, use just the first eligible Department Location Indicator’s rates for each month for each employee.</p>	H	

5.3 Reporting Requirements

N/A

6 Non-Functional Requirements

N/A

7 External References

N/A

Attachment A: UPAY934 form

The UPAY934 form was updated to reflect the new program name PPP606 replacing “PPSWEAPY.” A new “mode” field has been added.



PAYROLL/PERSONNEL
PPP606 RUN SPECIFICATION
 UPAY934 (R11/13) R2094

PROGRAM ID	Mode	Tax Year	Batch Number	SW U Rate	SW UC Rate	SW UA Rate	SW UAC Rate	Non-Participant Bargaining Unit Code (BUC) Array								
1	12	13	14	17	18	20	21	25	26	30	31	35	36	40	41	76
PPP606-SPEC1																

PROGRAM ID	Loc Ind	EAP Rate	Loc Ind	EAP Rate	Loc Ind	EAP Rate	Loc Ind	EAP Rate	Loc Ind	EAP Rate	Loc Ind	EAP Rate	Loc Ind	EAP Rate					
1	12	13	14	18	19	20	24	25	26	30	31	32	36	37	38	42	43	44	48
PPP606-SPEC2																			

Column	Instructions	Column	Instructions
1-12	PPP606-SPEC1	1-12	PPP606-SPEC2
13	Mode: Use 'C' (Calculate) to calculate amounts and report. Use 'R' (Report) to report only.	13	Home Department Location Indicator: Sample values: C → Campus; M → Medical Center
14-17	Tax Year for W-2 4-digit Tax Year	14-18	EAP Rate: Employee Assistance Program – current rate for location
18-20	Batch number for DA transaction header record	19	Home Department Location Indicator: Sample values: C → Campus; M → Medical Center
21-25	SW U Rate: StayWell "Self" only rate	20-24	EAP Rate: Employee Assistance Program – current rate for location
26-30	SW UC Rate: StayWell "Self and Children" rate	25	Home Department Location Indicator: Sample values: C → Campus; M → Medical Center
31-35	SW UA Rate: StayWell "Self and Adult" rate	26-30	EAP Rate: Employee Assistance Program – current rate for location
36-40	SW UAC Rate: StayWell "Self and Family" rate	31	Home Department Location Indicator: Sample values: C → Campus; M → Medical Center
41-76	Non-Participating Bargaining Unit Code (BUC) Array: List of BUCs not participating in StayWell. Only 18 BUCs can be entered since each BUC is 2 characters long.	32-36	EAP Rate: Employee Assistance Program – current rate for location
		37	Home Department Location Indicator: Sample values: C → Campus; M → Medical Center
		38-42	EAP Rate: Employee Assistance Program – current rate for location
		43	Home Department Location Indicator: Sample values: C → Campus; M → Medical Center
		44-48	EAP Rate: Employee Assistance Program – current rate for location

RETN: UNTIL ACTION TAKEN

PREPARED BY:	DATE:	APPROVED BY:	DATE:
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Attachment C: CSV File Layout

The CSV file format will be changed.

The new CSV file should include the run date and run mode (Report or Calculate) in the header.

The following fields should be included in the CSV file:

- a. Emp ID
- b. Emp Name
- c. Employment Status Code (EDB0144)
- d. Total Medical Insurance Cost (EE/ER) (calculated)
- e. Total StayWell (calculated)
- f. Total EAP (calculated)
- g. GTN606 YTD balance (Medical Insurance (EE/ER)-PPS)
- h. GTN604 YTD balance (StayWell)
- i. GTN605 YTD balance (EAP)
- j. GTN607 YTD balance (Medical Insurance/non-PPS Source)

Notes:

- All fields will be shown, regardless of run mode of “C” or “R.”
- d, e, and f will show the amounts calculated based on PAR data.
- g, h, i, and j will display the balances currently stored in the database.
- g, h, and i will be populated when the DA transactions are processed.
- The first time PPP606 is run, g through i will be zero on the CSV file, as the DA transactions have not yet been processed.
- j will be loaded into the database separately by the campuses using DA transactions, if necessary.

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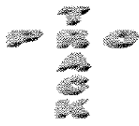
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Attachment D: 2013 Tax Year EAP, StayWell Rates and non-participating Bargaining Units

<u>Location</u>	<u>LOC IND</u>	EAP Rate	SW U Rate	SW UC Rate	SW UA Rate	SW UAC Rate	Tax Year	Non Participating BU Array
1		3.04	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
1	A	2.17	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
1	P	2.17	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
2		2.17	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
2	C	2.17	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
2	M	2.17	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
3		4.04	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
3	C	4.04	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
3	M	2.19	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
4		1.82	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
4	A	2.17	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
4	B	1.82	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
4	C	1.82	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
4	J	1.82	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
4	M	1.82	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
4	P	2.17	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
5		1.85	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
6		3.93	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
6	C	3.93	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
6	M	1.22	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
7		1.61	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTXK7
7	C	1.61	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTXK7
8		2.31	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
8	C	2.31	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
8	P	2.17	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
9		1.25	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
9	C	1.25	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
9	M	1.50	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
10		2.50	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
10	V	2.50	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
Hastings		2.39	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX
ASUCLA		1.82	10.88	10.88	17.83	17.83	2013	BXEXHXNXRXSXTX

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UC HR/BENEFITS - INFORMATION SYSTEMS SUPPORT

SR83938

SERVICE REQUEST
UIRC 160ISS (R 01/00)

DATE 05/20/13	DATE/CYCLE DUE	ESTIMATE REQUIRED? <input type="checkbox"/> YES <input type="checkbox"/> NO
------------------	----------------	--------------------------------------------------------------------------------

PERSON AUTHORIZING REQUEST: Peggy Arrivas	SYSTEMS CONTACT:
DEPARTMENT: Payroll Coordination	RECHARGE NO.: NR-Payroll
REQUESTOR: Marcia Johnson	SYSTEMS/FILES/PROGRAMS: PAYROLL

RETRIEVAL/SYSTEM MODIFICATION: (Description of Request)

Streamline Health Insurance reporting for W-2

PRODUCTION RUN			
SYSTEM	EFFECTIVE DATE OF INFORMATION	TYPE OF RUN <input type="checkbox"/> RERUN <input type="checkbox"/> ADD'L	TYPE OF OUTPUT <input type="checkbox"/> REPORT <input type="checkbox"/> EXTRACT FILE <input type="checkbox"/> LABELS

RETRIEVAL/PRODUCTION RUN

DISTRIBUTION OF OUTPUT INSTRUCTIONS: (FOR RETRIEVAL REQUESTS, INCLUDE LONG TERM FILE RETENTION INSTRUCTIONS IF APPROPRIATE)

IR&C USE ONLY

<input type="checkbox"/> R	<input type="checkbox"/> NR	<input type="checkbox"/> IM STAFF _____ TO:	<input type="checkbox"/> RET	<input type="checkbox"/> CORP SYS	<input type="checkbox"/> M&O	<input type="checkbox"/> PAYROLL	<input type="checkbox"/> PRODUCTION CONTROL
DATE RECEIVED	REVISED DUE DATE	DATE COMPLETED	COMPLETED BY	COMPUTING TIME/CHARGES	STAFF TIME/CHARGES	BILLING NO	JOB NAME
COMMENTS:							
ESTIMATE INFORMATION	COMPLETION DATE	STAFF HOURS	ESTIMATED COSTS COMPUTING COSTS	ESTIMATED TOTAL COSTS			
		\$	\$	\$			

APPROVAL TO PROCEED

[Signature] **Peggy Arrivas** *7/11/13* **Controller**

(NAME, TITLE, ADDRESS)