

# THE LOCAL CHOICE E-NEWS

## Department of Human Resource Management State and Local Health Benefits Programs

April 23, 2018

### GASB Statement 75 Implementation

This information is directed to TLC groups that cover former employees (e.g., retirees)

Under the The Local Choice program (TLC), participating entities can offer health insurance for former employees and their dependents, in addition to the insurance for current employees and dependents. When an entity commits to providing post-employment benefits, it is their responsibility to determine reporting costs and liabilities under the accrual accounting rules. These accounting rules are set by the Government Accounting Standards Board (GASB) and are found in Statements 74 and 75. These standards are effective with the 2018 fiscal year for most employers. They succeed GASB Statement 45 which has been in effect since 2006. DHRM has determined that TLC is not part of a cost sharing plan under the GASB standards and, therefore, will not provide a valuation on a case level basis. It will be your responsibility to have a valuation completed for your entity if applicable.

TLC provides certain information that can make this process easier and more efficient for each entity which includes:

- Coverage details (for those programs that are through TLC)
- Health plan costs for pre Medicare participants (aggregate cost only)
- Health plan costs for post Medicare participants (aggregate cost only)

GASB Statement 75 requires each employer to determine its costs and liabilities using set actuarial principles and computations and record those items on their financial statements. Although TLC can assist participating entities by providing the aforementioned information, each entity will be responsible for the completion of their own valuation.

If you have questions regarding any of the above, please contact Elizabeth Hurst at 804-225-2361 ([Elizabeth.hurst@dhrm.virginia.gov](mailto:Elizabeth.hurst@dhrm.virginia.gov)) or Richard Whitfield at 804-371-7990 ([Richard.whitfield@dhrm.virginia.gov](mailto:Richard.whitfield@dhrm.virginia.gov)).

This memorandum is being provided to both the executive and routine TLC distribution list. As a recipient of this correspondence, it is your responsibility to ensure that your group's Finance Director receives this important information.

Please do not reply to this e-mail. You may send inquiries to the TLC mailbox at [tlc@dhrm.virginia.gov](mailto:tlc@dhrm.virginia.gov)