



VICE PRESIDENT—BUSINESS AND FINANCE

OFFICE OF THE PRESIDENT  
1111 Franklin Street, 10<sup>th</sup> Floor  
Oakland, California 94607-5200

June 14, 2006

CONTROLLERS:

Re: Professional Medical & Hospital Liability (Medical Malpractice Insurance) Accounting

This memorandum provides guidance for recording campus expenses for the Professional Medical & Hospital Liability Program (Medical Malpractice). Important background points are as follows:

- Campuses were notified on February 17, 2005 of the actuarial annual cost for fiscal year 2005-06. Campuses are being charged on a monthly basis through a financial journal entry for the assessed amount. A copy of the funding letter can be found at <http://www.ucop.edu/riskmgt/services/riskfinancing.html>.

#### 2005-06 ACCOUNTING

The attached worksheet will assist in understanding the basis for the entries that are required for 2005-06. Relevant amounts are:

1. The actuarial annual cost (column 5).
2. The amount of any deficit contribution assessed to campuses (column 6).
3. The amount of the assessment charged to campuses by UCOP (column 7).

The first four columns, "Balance Sheet-Beginning of Year," show the status of the program at June 30, 2005. The Program surplus is recorded on the UCOP ledger.

The next section, "Fiscal Year 2005-06 Expenses," shows the components that make up the total expense to be recorded for the current fiscal year.

Medical Malpractice

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Your campus general ledger should reflect expenses totaling the "Actuarial Annual Cost" (column 5).

The required entries for 2005-06 are as follows:

1. On a monthly basis, UCOP charges each campus its assessed amount:

Dr. Financial Control E-1195X0-900X0

Cr. Financial Control E-119540-90040

Dr. Financial Control M-119500

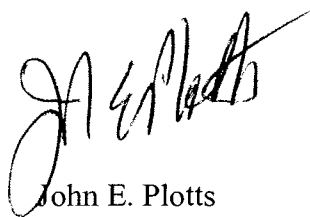
Cr. Medical Malpractice Liability M-115471

2. On a monthly basis, campus responds to UCOP journal as follows:

Dr. Expense Accounts X-XXXXXXX-XXXXXX-3-7910

Cr. Financial Control X-119500

If you have any questions, please call Karen Vecchi at (510) 987-9826.



John E. Plotts  
Assistant Vice President  
Financial Management

Attachment

cc: Vice President Broome  
Budget Directors  
Chief Risk Officer Crickette  
Principal Budget Analyst McKellar  
Manager Lester  
Manager Vecchi

## MEDICAL MALPRACTICE INSURANCE

	BALANCE SHEET -- BEGINNING OF YEAR				FISCAL YEAR 2005-06 EXPENSES		
	Trust Assets(1) 6/30/05	Liabilities 6/30/05			Expenditure vs. Funding		
		Funded Liability (2)	Surplus OP (3)	Recorded Liability (4)	Actuarial Annual Cost (5) 7/1/05-6/30/06 (Expense)	Campus Deficit Contribution (6) 7/1/05-6/30/06	Total Campus Assessment (7) 7/1/05-6/30/06 (Funding)
<b>Berkeley</b>							
Student Health Center	\$ 234,230	\$ (234,230)	\$ 36,560	\$ (197,670)	\$ 59,000	\$ 59,000	
<b>Davis</b>							
School of Medicine	17,964,960	(17,964,960)	2,803,910	(15,161,050)	4,054,000	4,054,000	
Medical Center	17,964,960	(17,964,960)	2,803,910	(15,161,050)	4,863,000	4,863,000	
Student Health Center	111,200	(111,200)	17,360	(93,840)	27,000	27,000	
<b>Total</b>	<b>36,041,120</b>	<b>(36,041,120)</b>	<b>5,625,180</b>	<b>(30,415,940)</b>	<b>8,944,000</b>	<b>-</b>	
<b>Irvine</b>							
School of Medicine	14,231,430	(14,231,430)	2,221,190	(12,010,240)	3,490,500	3,490,500	
Medical Center	14,231,430	(14,231,430)	2,221,190	(12,010,240)	3,756,500	3,756,500	
Student Health Center	53,230	(53,230)	8,310	(44,920)	13,000	13,000	
<b>Total</b>	<b>28,516,090</b>	<b>(28,516,090)</b>	<b>4,450,690</b>	<b>(24,065,400)</b>	<b>7,260,000</b>	<b>-</b>	
<b>Los Angeles</b>							
School of Medicine	20,807,700	(20,807,700)	3,247,590	(17,560,110)	7,352,000	7,352,000	
Medical Center	28,680,530	(28,680,530)	4,476,350	(24,204,180)	8,245,000	8,245,000	
Neuropsychiatric Institute	1,059,960	(1,059,960)	165,440	(894,520)	227,000	227,000	
Student Health Center	214,120	(214,120)	33,420	(180,700)	54,000	54,000	
<b>Total</b>	<b>50,762,310</b>	<b>(50,762,310)</b>	<b>7,922,800</b>	<b>(42,839,510)</b>	<b>15,878,000</b>	<b>-</b>	
<b>Riverside</b>							
Student Health Center	47,320	(47,320)	7,390	(39,930)	12,000	12,000	
<b>San Diego</b>							
School of Medicine	13,423,440	(13,423,440)	2,095,080	(11,328,360)	4,153,000	4,153,000	
Medical Center	13,423,440	(13,423,440)	2,095,080	(11,328,360)	4,788,000	4,788,000	
Student Health Center	107,660	(107,660)	16,800	(90,860)	27,000	27,000	
<b>Total</b>	<b>26,954,540</b>	<b>(26,954,540)</b>	<b>4,206,960</b>	<b>(22,747,580)</b>	<b>8,968,000</b>	<b>-</b>	
<b>San Francisco (8)</b>							
School of Medicine	27,045,630	(27,045,630)	4,221,190	(22,824,440)	8,614,000	8,614,000	
Medical Center	12,234,530	(12,234,530)	1,909,520	(10,325,010)	4,489,000	4,489,000	
Neuropsychiatric Institute	873,050	(873,050)	136,260	(736,790)	183,000	183,000	
Student Health Center	22,480	(22,480)	3,510	(18,970)	5,000	5,000	
<b>Total</b>	<b>40,175,690</b>	<b>(40,175,690)</b>	<b>6,270,480</b>	<b>(33,905,210)</b>	<b>13,291,000</b>	<b>-</b>	
<b>Santa Barbara</b>							
Student Health Center	110,020	(110,020)	17,170	(92,850)	27,000	27,000	
<b>Santa Cruz</b>							
Student Health Center	62,700	(62,700)	9,790	(52,910)	16,000	16,000	
<b>Grand Total</b>	<b>\$ 182,904,020</b>	<b>\$(182,904,020)</b>	<b>\$ 28,547,020</b>	<b>\$(154,357,000)</b>	<b>\$ 54,455,000</b>	<b>\$ 54,455,000</b>	

- (1) Trust Assets at 6/30/05, including funds held in STIP.
- (2) Funded Liability--the portion of the liability that was funded by campuses and transferred to the Trust or held in STIP at 6/30/05.
- (3) Surplus recorded at UCOP--amount of funds attributable to campuses that has been recorded at UCOP, and allocated on the basis of the 6/30/05 actuarial liability by campus. The amount represents funds in excess of actuarial liability.
- (4) Total Actuarial Liability at 6/30/05.
- (5) Actuarial Annual Cost for the period 7/1/05 - 6/30/06 per funding memo dated 2/17/05. (<http://www.ucop.edu/riskmgmt/documents/05-06PLFundingLetter.pdf>)
- (6) Program did not have an accumulated deficit based upon the June 30, 2005 actuarial study.
- (7) Total campus assessments for the period 7/01/05- 6/30/06 (Col 6 + Col 7).
- (8) UCSF's allocation method was approved by VP Broome on 12/11/02. Affiliated Hospitals and other schools are included in the School of Medicine amount.