



**STATE OF INDIANA**



**Eric J. Holcomb, Governor**  
**Devon McDonald, Executive Director**

**TO:** All ICJI Staff and Subgrantees

**FROM:** Devon McDonald, Executive Director 

**RE:** Reimbursement of Benefits for Self-insured Subgrantees

**DATE:** January 27, 2020

---

**Issue:** Many of the Indiana Criminal Justice Institute's ("ICJI") subgrantees receive grant funds that reimburse the costs of health insurance and other similar benefits. While the type of health care benefits provided by a subgrantee to their employees may vary from entity to entity, many entities have moved to a self-insurance benefits package in an attempt to reduce costs. When entities are "self-insured", there is typically a monthly or quarterly premium paid toward a cost pool. Health related expenses for employees enrolled in the plan are then paid for with dollars from the pool. This has prompted two questions: 1) Can grant funds be used within the cost pool for grant funded employees; and 2) Do funds placed into the pool, but not paid out to a grant funded employee as reimbursement for health related expenses, need to be returned to the ICJI after the grant period of performance has ended?

**Answer:** Updated and recent guidance from the federal government now allows grant funds to be utilized toward the pooled cost of a self-insured health care benefits package. The guidance also reflects that the dollars paid into the pool for grant funded employees do not need to be returned to ICJI if not used for the employee.

The ICJI may, in accordance with 2 C.F.R. 200.431(c) and .447(d), permit a subgrantee to utilize grant funds as part of a subgrantee's regular benefits package. The costs must be charged in accordance with the subgrantee's standardized accounting practices. All charges to the grant must be reasonable, updated at a minimum of biennially, proportionate, and not at the individual employee level. The costs to be reimbursed should be the costs *to* the reserve fund or pool, and not the payments *from* the reserve fund or pool.

If the reserve funds or pool at the end of the fiscal year are transferred to a general fund and not maintained in a defined health care benefit pool to support the employees' medical expenses, those funds must be returned to ICJI at the end of the grant period of performance.