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MEMORANDUM 029-15HR

TO: Agency Administrators
FROM: Carolyn Horwich, Esq., Director of Human Resources
THROUGH: Rip Colvin, Executive Director
SUBJECT: Retro posting of insurance premiums
DATE: July 6, 2015

This memorandum serves as notification that retro posting of unpaid insurance premiums is "live" as of today.

As you may recall, Memorandum #014-15HR, <http://www.justiceadmin.com/HR/HRMemos/014-15HR%20-%20DSGI%20Updates.pdf>, issued April 6, 2015, contained the following language:

Retro posting payments to underpaid months

Payroll files post employee insurance premiums to the next coverage month and do not look back to see if any previous months were underpaid. Enrollees, therefore, show as eligible for insurance coverage for the coverage month even though they are underpaid in one or more previous coverage months. Currently, more than 12,000 employees have underpayments, and employer and employee combined underpayments total more than \$7 million.

- a. This summer, DMS will start a new system process that takes the payroll deduction for the next coverage month and moves it back to the underpaid month. The employee will be underpaid for the current month, coverage will be suspended, and employee will not go on the vendor eligibility file. The employee will stay in a suspended state until s/he pays the underpayment. These changes will ensure that the state's trust funds are appropriately funded and employees do not have access to insurance benefits to which they are not entitled.*
- b. The first week of May, People First will mail a one-time "cleanup" letter about 60 days before system programming is deployed, requesting payment for total underpayments, explaining process, suspension, and appeal rights. The goal is to resolve underpayments so that current coverage will not be suspended.*

c. *HR offices must clean up and resolve existing underpayments. (PLEASE NOTE – JAC does an excellent job of monitoring and working the over/underpayment reports on a monthly basis so little clean up by JAC will be required.) The process will be:*

- *Use underpayment report to identify underpayments for both employee and employer.*
- *If employee was on LWOP, did not cancel coverage and did not pay the full premium, call the service center to cancel coverage for the LWOP period. This is a significant percentage of the money owed to the trust funds.*
- *JAC payroll staff in Tallahassee will work through org management to return employees from LWOP if not returned properly.*
- *Notify employees with underpayments to pay immediately (less noise than receiving letter and/or have coverage suspended). They must remit payments to the lockbox.*
- *Remit employer underpayments as soon as possible.*

d. *Timeline*

- *March through April: HR offices clean up underpayments*
- *Week of May 4: NGA (DMS's contractor) mails one-time cleanup letter*
- *May through June: Employees send checks to lockbox for underpayment*
- *July 4: NGA deploys payroll posting process programming change to correspond with deductions from first the monthly payroll in July for August coverage.*

The time has come for deployment of this initiative. In light of the clean up efforts regarding underpayments few – if any – JAC employees will be affected by this deployment. However, we wanted to remind you of the event, and also share with you details of the deployment we just received from People First, which are:

- The process applies to all existing health and insurance deductions, both employee and employer contributions.
- The retro payroll posting process is based on the trust fund the deduction was taken for (e.g., health, life, supplemental plans.) This simply means that health deductions will not be posted to supplemental insurance plans or the life insurance plans and supplemental insurance deductions will not be posted to health or life. However, this also means that within the same trust fund it is fair game. For example, a dental deduction could be posted to a different supplemental plan. With this process change it is more critical than ever that agencies continue to work the benefits Over/Under report and quickly resolve all underpayments.
- Payments will be posted in sequential order, starting with the oldest underpaid month. Only when all retro payments for all plans within the same trust fund have been satisfied will funds be posted to the current or future coverage month(s).

Please do not hesitate to contact your Benefits Coordinator at benefits@justiceadmin.org if you have any questions. Thank you.