

**Chart of Transactions & Appropriate Processing
November 2007**

Definitions & Use

<p>Payroll Deduction Adjustment</p>	<p>This is an adjustment amount set up by the Institution in DDEN for any insurance plan for which an employee owes premium for “past” payroll months. Because the “adjustment” field in DDEN does not allow for specifying whether the adjustment is for the “past” or “future” it is important that the campus/institution provide documentation to the UW Service Center to support the entry.</p> <p>The only instance in which documentation of this adjustment amount is NOT needed is in the case of a new enrollment</p> <p>For other instances, the preferred documentation is a screen print of the DDEN screen which shows the adjustment amount and number of deductions. The DDEN screen print can be copied and pasted into an email message which you can send to SC-Benefits@ohr.wisc.edu if you choose versus having to print the screen and send it US mail. In the email you can include the screen prints for all insurance payroll deduction adjustments, separate emails are not necessary. Remember to include your explanation as referenced in the first paragraph. When using a screen print in an email, either change the ssn and only include the last four digits or print the screen with PID rather than SSN.</p> <p>If not using DDEN screen prints, complete the Notice of Correction or Change form which is on the UW Service Center forms page.</p> <p>Example Missing May Multiples/Summer Deductions: When an unclassified employee does not have May Multiple deductions taken and should have, it is <u>ALWAYS</u> preferred that a Payroll Deduction Adjustment be set up to be taken from the employee’s September earnings paid on October 1, unless the September gross is not large enough to take all of the multiple insurance deductions. Payroll deduction adjustments would be taken for “any” insurance plan not just health.</p> <p>Payroll Deduction Adjustments must be entered into DDEN by the campus/institution.</p>
<p>Prepayment by Payroll Deduction</p>	<p>Prepayment by Payroll Deduction: A prepayment by payroll deduction means that premiums are taken for “future” payroll months—not past. Institutions must set up an entry is required in DDEN for this type of deduction for each benefit plan. Because the “adjustment” field in DDEN does not allow for specifying whether the adjustment is for the “past” or “future” it is important that the campus/institution provide documentation to the UW Service Center to support the entry. For this type of transaction, the documentation is an entry or entries in the Prepayment System.</p> <p>If an employee is going to be off the payroll on a leave of absence, or the employee is seasonal and generally not paid during the summer, then the employee has the choice of having the deductions taken by payroll deduction prior to being off payroll or paying by personal check. For example, if off June, July and August and these deductions are</p>

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	<p>taken from the May payroll, prepayment records must be set up for the payroll months of June, July and August. If deductions are taken in advance of being off payroll, the employee gets the benefit of pretax deductions.</p> <p>Prepayment records are necessary for each payroll month so that the Insurance Premium Notice generated will reflect the fact that the employee does NOT owe premiums and to track payments for insurance reporting purposes.</p> <p>Prepayment by Payroll Deduction requires a record be created by the campus/institution in the Prepayment System for each payroll month for which deductions are taken from payroll.</p>
<p>Accounts Receivable – Deduction Code 402 or 403</p>	<p>This is an Account Receivable deduction code set up ONLY by Service Center Staff and used ONLY for health insurance. Campuses DO NOT set up this deduction code. When this code is used, we are ‘borrowing’ money from the fringe benefit account in order to pay the health insurance carrier as we do not yet have the money from the employee. For example, if an unclassified employee’s health insurance coverage is set up and the amount due is for the current payroll month and should have an adjustment deduction for 2 months of premium, however, it was set up to only take one month’s premium, the Service Center will set up Deduction Code 402 to collect the additional month’s premium. Another example would be when an employee is enrolled in the wrong health plan and therefore the premium taken may be incorrect, a deduction code 402 is set up to collect the difference in the premium amount because the money is due to the insurance carrier for the coverage month being reported. A third example would be a classified employee that misses the “A” payroll and therefore no health insurance deduction is taken. Instead of waiting until the next monthly “A” payroll to deduct the money, we would report the person as though we had the money and set up Deduction Code 402 to collect the amount from the “B” payroll as this would avoid having two health deductions taken from the same payroll payment.</p> <p>Deduction Code 402 is entered into DDEN by the Service Center Staff Only.</p>
<p>Prepayment by Personal Check</p>	<p>When an employee is off the payroll and will not be back on the payroll in order to collect the premiums, a personal payment is required to keep coverage current. The Institution must set up the Prepayment Record and record the receipt of the payment(s). If an employee continually has insufficient earnings from which to deduct health insurance, then personal payments are required as well. These must be entered into the Prepayment system.</p> <p>Prepayments by Personal Check require that a record be created by the campus/institution in the Prepayment System.</p>

The following table contains various examples of situations and how they should be handled, whether by: 1) Payroll Deduction Adjustment; 2) Deduction Code 402 Accounts Receivable; 3) Prepayment by Personal Check or 4) Prepayment by Payroll Deduction.

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Example	Situation	Institution Processing	Service Center Process
1	<p>Classified OR Unclassified:</p> <p>Employee going on leave of absence and wants insurance premiums deducted before going off payroll</p>	<ol style="list-style-type: none"> 1. Set up payroll deduction adjustments for each insurance plan. 2. Complete record in the Prepayment System for each payroll month and for each deduction for which the adjustment is being taken. 	<ol style="list-style-type: none"> 1. Identifies payroll deduction adjustment on the prior/current report. 2. Looks for a record in the prepayment system to identify what the deduction adjustment is for.
2	<p>Classified OR Unclassified – Insufficient Earnings</p>	<p>Note: Frequently this situation relates to an LTE paying the less-than half-time rates for health insurance. The Service Center recommends in these instances that the person be put on permanent personal payment in the Prepayment System.</p> <ol style="list-style-type: none"> 1. Campus identifies this situation. 2. Campus determines whether the employee will have adequate gross to take the premiums anytime in the future or whether the employee should always pay by personal check. <ol style="list-style-type: none"> a. If paying by personal check, set up the prepayment record; b. If future payroll deductions are feasible, then a “payroll adjustment record” could be set up and documentation sent to the Service Center 	<p>Service Center does one of the following when doing the insurance report:</p> <ol style="list-style-type: none"> 1. Identifies payroll deduction adjustment on the prior/current report and matches that to the documentation provided by the campus; or 2. Looks for a record in the prepayment system to explain what the deduction adjustment is for.

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3	<p>Classified employee missed the classified “A” payroll and therefore no health deduction was taken</p>	<ol style="list-style-type: none"> 1. Campus identifies this situation. 2. Campus contacts the Service Center and as a team a decision is made whether to: <ol style="list-style-type: none"> a. set up an Account Receivable deduction using Deduction Code 402 (ONLY the Service Center sets these up.) Discuss whether this deduction will be taken on the “B” payroll if feasible. b. set up an insurance adjustment deduction record to collect the money on the next “A” payroll. 	<ol style="list-style-type: none"> 1. Service Center discusses options with Institution and if: <ol style="list-style-type: none"> a. Deduction Code 402 is to be used, the Service Center sets up this deduction and documents for health reporting that this employee should NOT be terminated; b. If a payroll adjustment record is to be used, Institution sets up the adjustment record and the Service Center documents for health reporting that this employee should NOT be terminated.
4	<p>Classified employee missed the classified “B” payroll and therefore no deductions for (non-health) insurance were taken</p>	<ol style="list-style-type: none"> 1. Campus identifies this situation. 2. Campus determines whether the employee will have adequate gross to take the premiums from their next “B” payroll and: <ol style="list-style-type: none"> a. if adequate gross, sets up the payroll adjustment record and sends to the Service Center documentation explaining the amount of the adjustment to be taken and when. a. If gross is NOT adequate, campus sets up a record in the prepayment system to obtain a personal payment for the amount due. 	<p>Service Center does one of the following when doing the insurance report:</p> <ol style="list-style-type: none"> 1. Identifies payroll deduction adjustment on the prior/current report and matches that to the documentation provided by the campus; or 2. Looks for a record in the prepayment system to explain what the deduction adjustment is for. <p><u>Note:</u> Accounts Receivable Deduction Code 402 is ONLY used for health insurance not other insurance benefits.</p>

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5	<p>Classified-- employee missed health insurance deductions and was reported as a termination by the Service Center (appears on the termination list)</p>	<ol style="list-style-type: none"> 1. Campus identifies this situation. 2. Campus contacts the Service Center and as a team a decision is made whether to: <ol style="list-style-type: none"> a. By payroll deduction, setting up the payroll deduction adjustment and notifying Service Center of this by completing the "Reinstatement Request" online form; or b. By setting up a prepayment record to bill the employee for the premiums; or c. setting up an Account Receivable deduction using Deduction Code 402 (ONLY the Service Center sets these up) and charging the employee premium to the campus fringe benefit account. 	<ol style="list-style-type: none"> 1. Receives the Reinstatement Request for which the campus has set up the appropriate payroll adjustment deduction records, makes copies for each benefit plan being reinstated, not just health insurance, and files a copy in each of the reporting areas as this explains what the adjustment amount is for when it appears on the prior/current report. <p>In this scenario, the employee will be reported as a termination on the health report and for the following month will be reported as a "reinstatement"</p> <p align="center">OR</p> 2. Service Center, if deduction code 402 is used, reports the employee as though they are a continuing employee, does not report the employee as a termination and uses the Taken and Not Taken reports to manage receipt and reimbursement of the money into the campus fringe benefit account. <p>In this scenario, the employee is NOT reported to the carrier as a termination.</p> <p align="center">OR</p> 3. If personal payment was required, Service Center looks for a record in the prepayment system that explains what the adjustment amount is for when it appears on the prior/current report the next month. <p>In this scenario, the employee will be reported as a termination on the health report and for the following month will be reported as a "reinstatement"</p>

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Example	Situation	Institution Processing	Service Center Process
6	<p>Unclassified—employee missed health insurance deductions and was reported as a termination by the Service Center (appears on the termination list)</p>	<ol style="list-style-type: none"> 1. Campus identifies this situation. 2. Campus contacts the Service Center and as a team a decision is made whether to: <ol style="list-style-type: none"> a. By payroll deduction, set up the payroll deduction adjustment and notifies Service Center of this by completing the “Reinstatement Request” online form; or b. By setting up a prepayment record to bill the employee for the premiums; 	<ol style="list-style-type: none"> 1. Receives the Reinstatement Request for which the campus has set up the appropriate payroll adjustment deduction records, makes copies for each benefit plan being reinstated, not just health insurance, and files a copy in each of the reporting areas as this explains what the adjustment amount is for when it appears on the prior/current report. <p style="margin-left: 40px;">In this scenario, the employee will be reported as a termination on the health report and for the following month will be reported as a “reinstatement”</p> <p style="text-align: center;">OR</p> 2. If personal payment was required, Service Center looks for a record in the prepayment system that explains what the adjustment amount is for when it appears on the prior/current report the next month. <p style="margin-left: 40px;">In this scenario, the employee will be reported as a termination on the health report and for the following month will be reported as a “reinstatement”</p>

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Example	Situation	Institution Processing	Service Center Process
7	Unclassified Paid on End-of-Month (EOM) Ongoing Employee	No health insurance deductions are taken on the end-of-month payroll, therefore if an on-going employee is paid on the EOM payroll, you must complete the "Reinstatement Request" form to notify the Service Center of this fact.	Service Center will: <ol style="list-style-type: none"> 1. Not terminate the health coverage 2. Set up an Accounts Receivable deduction (402) to collect the one month's premium the employee missed. DO NOT SET UP A PAYROLL DEDUCTION ADJUSTMENT IN THIS SITUATION.
8	Unclassified Paid on End-of-Month (EOM) New Employee	No health insurance deductions are taken on the end-of-month payroll, therefore make certain that the number of months of premium that you are collecting as "payroll deduction adjustments" accounts for the correct number of months."	Service Center will see this on the Prior/Current report as a new enrollment and SC will review the payroll deduction adjustment amount to ensure that the money needed is properly collected.