

**STATE OF MISSISSIPPI
DEPARTMENT OF FINANCE AND ADMINISTRATION**

TOPIC	PAYROLL	SUB-SECTION	20.20.11
SECTION	PROCESSING	ISSUANCE DATE	May 30, 2008
SUB-SECTION	INSURANCE DEDUCTIONS	REVISED -	2018

INSURANCE DEDUCTIONS

The State offers group health and life insurance to its employees. Agencies may offer additional insurance policies to their employees such as vision, dental, disability, cancer, life, etc.

PRE-PAYMENT

Insurance premiums are paid in advance. More than one month of insurance premium payments may be deducted from an employee's initial pay. A Start Date during the first 15 days of the month requires a deduction of two months of premium payments. This covers the current month, as well as the payment for the following month. A Start Date after the 15th of the month requires a month and a half of premium payments.

The deduction entered is a monthly amount. SPAHRS calculates the amount to deduct for bi-weekly and semi-monthly employees. For example, if the bi-weekly employee needs two months of insurance deducted, this is entered on the initial deduction indicator. One month's premium will be withheld from the first pay period of the month and the second month's premium will be withheld from the second pay period of the month.

When entering the initial deduction code, an expiration date must also be entered on the insurance record to stop the multiple deductions. The following month, only one-month's insurance premium will be deducted according to the employee's pay schedule.

STATE AND SCHOOL EMPLOYEES' LIFE AND HEALTH PLAN

The State funds the State and School Employees' Life and Health Plan. A contract vendor processes claims and serves as the administrator. The State and its employees, through contributions deposited into a special fund, pay the cost of maintaining the Plan jointly.

An initial deduction indicator on the SPAHRS Maintain Deduction record specifies the amount of insurance withheld.

Eligibility

An employee is eligible for coverage under the Plan if the employee works at least twenty hours a week in a department, agency, or institution of higher learning in the State, or as an employee of the judicial branch of the State, a full-time salaried judge, district attorney, or a legislator. The Eligibility Sequence Number in SPAHRS identifies employee's eligibility for health insurance benefits. Participation in the Plan is optional for the employee. If the employee chooses not to participate in the Plan, WAIVE must be entered on the SPAHRS Maintain Deductions screen.

If the employee participates in the Plan, coverage begins upon the first day of employment. Coverage for the participant's eligible family members is available with premiums paid by the employee.

Each covered dependent must be entered on the SPAHRS Maintain Dependent Health Information screen. SPAHRS automatically creates an electronic file sent to the vendor each night. If the vendor accepts the enrollment, the record is updated in SPAHRS. If there is an error in processing, the SPAHRS record will be rejected. Transactions requiring additional information will be placed on hold pending additional action by the Agency.

Any change in insurance, including dependents, must be processed in SPAHRS. If the change is rejected, SPAHRS will reverse changes made.

Reports of all insurance transactions are available to the agency. FMVIEW stores reports available for review.

LIFE INSURANCE

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Life insurance is available to all eligible employees, disabled employees, and retired employees. The State pays one-half of the premiums for all active employees with the employee paying the balance.

Allowable Life and Accidental Death Benefits

The amount of life and accidental death benefits each insured or totally disabled employee is eligible to receive is twice the amount of the insured employee's annual earnings rounded to the next highest \$1,000. The minimum amount of insurance will not be less than \$30,000 and the maximum amount will not exceed \$100,000.

Employees retiring from state service have the opportunity of choosing between three different levels of life insurance. Those levels are \$5,000, \$10,000 or \$20,000, with varying monthly premiums for each level based on the age of the retiree. A retired employee can request a decrease of life insurance at any time. The amount can be changed once in any 6-month period. A retired employee's amount of life insurance may not be increased. Retired employees are not eligible for accidental death benefits. If an employee requests insurance coverage after their retirement or total disability, the policy amount cannot exceed the amount of the policy it is replacing.

Eligibility

An employee is eligible to receive life and accidental death benefits if the employee pays into the retirement fund and is employed at least twenty hours a week in a department, agency, or institution of higher learning in the State, an employee of the judicial branch of the State, a full-time salaried judge, district attorney, or a legislator. Eligibility begins on the first day of employment.

An employee must complete an application for enrollment in the life insurance program. The enrollment information is transmitted electronically through SPAHRS, and the application form is mailed to the insurance vendor. Submission of the enrollment and change transactions to the vendor occur during the overnight processing cycle. Agencies can print reports on transactions and their status through FMVIEW.

If an employee applies for life insurance, more than 31 days after the eligibility date, an "evidence of insurability" form must be completed and filed by the agency. If the employee chooses to waive life insurance coverage, enter WAIVL as the deduction code.

An individual may change beneficiaries by completing a "change form".

INSURANCE RECONCILIATION

Monthly, the administrator of the Plan will submit to the agency a listing of all personnel on the plan, showing the health and life premium amounts due per employee. All changes and transmittals of premiums appear on the Premium Billing Reconciliation Forms. The Coverage Change Sheet records additions and changes in coverage. Deduction adjustments are recorded on the Other Premium Adjustments Sheet. The amounts from the administrator's Premium Billing Report are entered on the Premium Billing Reconciliation Summary Sheet. This form must also show the amounts from the Change and Adjustment Sheets showing the total amount remitted. These reports and forms, along with a **copy** of the warrant and transmittal form are sent to the plan administrator. The actual warrant payable to State Treasury Fund 8220, generated from the SPAHRS payroll process, goes to DFA with a transmittal form as soon as the payroll is paid. Contact the DFA Office of Insurance to obtain copies of all forms. Send copies of the reconciliation forms to DFA Office of Insurance with the warrant.

An Insurance Reconciliation Control Report is available in SPAHRS to assist with this process. The report compares the monthly billing from the State's insurance provider to the monthly payroll amounts withheld. If there are any discrepancies in the life and health premiums or in the coverage amount, the report will identify those discrepancies.

ADDITIONAL INSURANCE PREMIUMS

Companies that have department wide insurance policies will render statements to the department listing employees

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covered and premium amounts due. These statements should be reconciled and the warrants for amounts withheld forwarded to the respective companies.

UNEMPLOYMENT INSURANCE

Agencies do not pay unemployment insurance tax to the MS Department of Employment Security since they participate in a self-insured fund. The unemployment insurance is paid into the fund on either an annual or a semi-annual basis. The current year's payments are based on the wages paid in the prior calendar year. The amount remitted is a percentage of the first \$6,000 of wages paid to each employee in the prior calendar year. SPAHRS generates a file of wages and sends at the end of each quarter to the MS Department of Employment Security. Reports are provided to DFA to determine the amount of insurance premiums owed by each agency. The warrant is not generated by SPAHRS and therefore must be entered into MAGIC and made payable to State Treasury Fund 3364400000.

REFERENCES

For additional information regarding the State's health or life insurance plans, employees should contact either the plan administrator or the DFA Office of Insurance for applications, brochures and other needed material. This information is available <http://www.dfa.state.ms.us/Offices/Insurance/Insurance.htm>.