

## Office of State Uniform Payroll

<b>Procedure Title:</b> Statewide Vendor Rate/Policy Changes	<b>Revision Date:</b>
<b>Unit:</b> Benefits and Financial Administration Unit	<b>Issue Date:</b> 07/01/2025
<b>Contact:</b> <a href="mailto:_DOA-OSUP-BFA@la.gov">_DOA-OSUP-BFA@la.gov</a>	<b>Page Number:</b> 1 of 2

The Payroll Deduction Rule outlines the processes and procedures Statewide Vendors must follow to implement a policy change. Policy changes include, but are not limited to, rate changes, co-payment changes, and reduction in benefits.

### **The vendor must:**

- Notify OSUP by July 1 annually detailing the intended policy change.
- Provide OSUP with sample communications for approval prior to releasing to employees/agencies.
- Notify the Flex Plan Administrator, currently the Office of Group Benefits, by September 1 detailing the intended policy change.
- Notify employees by September 1 of the policy change and include:
  - the effective date of change (first pay period in January)
  - the current and new premium amounts
  - that a signed SED-4 form is not required for this change
  - that the payroll deduction amount will change to the new amount unless they notify the vendor or their HR Office, in writing, by October 15 that they want to cancel their policy
  - instructions on how to notify the vendor of their intent to cancel their policy
- Also by September 1, forward a copy of an actual employee notification letter to OSUP and the agency payroll offices with a list of employees affected. **Note: Signed SED-4s are not required for this change.**
- Follow up with a second notice by September 30 to all employees who have not cancelled their policy to remind them of the upcoming policy change and the response deadline.
- For rate changes, send an **unsigned** SED-4 form for each employee who has not cancelled their policy, with the new rate, to agency HR offices by October 31.
- For cancellations, send an SED-4 form, either signed by the employee or with the employee's written cancellation request attached, to agency HR offices by October 31. Include a list of all employees who cancelled their policy.
- Employees who have not had the policy in force for a full year as of the effective date of the change cannot have their rate adjusted until the one-year period has passed, in accordance with the Louisiana Insurance Code (Title 22 of the Louisiana Revised Statutes). If the vendor chooses to implement the increase on the employee's one-year anniversary, they must include this information in a cover letter to the agency along with the SED-4 form (which does not require a signature). This ensures the increase is processed correctly for employees participating in the Flexible Benefits Plan.

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### **Agency HR Offices are required to do the following:**

- Notify employees by September 15 about the policy change using the information provided in OSUP Memoranda and/or listserv message(s). The memo will include sample verbiage for HR to provide to employees affected. ZP255 (Plan Participation Report) can be run to generate a list of the affected employees.
- End payroll deductions as of the last day of the last pay period of the current plan year (unless a QLE applies) for employees who submit a written request to cancel. Advise the employee to notify the vendor. Retain the written request in the employee's file. The vendor's letter to the employee will include instructions on how to cancel their policy.
- Enter rate changes, with a begin date of the first day of the first pay period of the next plan year (unless a QLE), using online help for all employees who did not cancel. Some rate changes may be programmatically entered.
- The deadline to enter all changes to deductions is November 22 annually.
- Refer to the [LaGov HCM Help script](#) for information about delimiting deductions and making changes to existing deductions.
- Employees who have not had the policy in force for a full year as of the effective date of the change cannot have their rate adjusted until the one-year period has passed, in accordance with the Louisiana Insurance Code (Title 22 of the Louisiana Revised Statutes). If the vendor chooses to implement the increase on the employee's one-year anniversary, they must include this information in a cover letter to the agency along with the SED-4 form (which does not require a signature). This ensures the increase is processed correctly for employees participating in the Flexible Benefits Plan.

**Note:** OSUP will provide employee addresses to vendors requesting a policy change. Only those employees with a deduction for the policy being changed will be provided. This is being done to ensure employees are properly notified of the change being made.