



Ohio Department of Administrative Services

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December 6, 1995

Payroll Letter 696

TO: Payroll Officers, Personnel Officers, Labor Relations Officers and Fiscal Officers
of all Departments, Institutions, Boards and Commissions

FROM: Robert L. Cruse, State Payroll Administrator

SUBJECT: Direct Pays

Earlier this summer we undertook several initiatives to restructure our health insurance deduction procedures. Payroll Letter 683 was issued to introduce the new deduction codes which are now utilized to pay health insurance premiums.

At the same time, the State of Ohio contracted with a single mental health provider to provide coverage for all employees with health insurance. The cost of the mental health coverage is included in the employee and employer shares of the health insurance premium. DAS must ensure that the mental health portion of premium is separated from the regular health coverage and forwarded to the mental health provider. This requires us to set up a new way to handle the direct payment of health insurance (Direct Pays) for employees in a "No Pay" status and for part time employees whose earnings is insufficient to allow the deductions of both shares of their health insurance premium.

In the past, the employee covered by HMOs wrote a check for the total premium, made it payable to the HMO, and forwarded the check to DAS - Payroll Deductions for processing. Since we are required to make separate payments for the regular health insurance and the mental health coverage, we are establishing new procedures which will allow us to split these payments between the two providers. Employees will have to make their checks payable to their agency and your fiscal unit will need to deposit the money into one of your agency accounts. You will then need to post one of the new deduction code (listed below) to the payroll disbursements journal or directly to the employees payroll record through CICS to transmit the direct pay to DAS.

Payroll Letter 683 eliminated the use of state share health care deduction make ups (deduction codes ending with a "4"). The following new codes, have been created to provide agencies with the ability to pay the entire health insurance premium (both employees and employers shares). When posting one of the new deduction code you must also post the total premium amount.

December 6, 1995

'A_C' and 'J_C' - Health insurance total premium at the **C**urrent benefits year rate.

'A_P' and 'J_P' - Health insurance total premium at the **P**revious benefits year rate.

The direct pay deduction will have no effect on the employee's gross or net pay amounts. For employee's who are in a NOPAY status, you must also post the following items:

1. RP (return to pay)
2. DED 00
3. Less 80 (less 80 hours of pay)

These new codes are **not** to be used for anything except Direct Pays.

If you have any questions please call Barbara MacIvor at (614) - 466-9352.

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