

Hot Off The Press

BPP revisions for handling LTC (Long Term Care) deductions

Background

During this year's System Human Resources review of benefit providers, LTC was one of the benefits selected to have a new provider. Effective January 1, 2007 John Hancock Life Insurance Company will provide our employees with payroll deducted LTC coverage. CNA had been the provider before this change.

A significant change with this new provider is that all enrollment and coverage changes will be handled directly with the provider rather than through the HR/Benefit offices. Those persons moving their existing LTC coverage to John Hancock and those electing to start new LTC coverage will contact John Hancock directly to select coverage levels, options and employee and/or spouse coverage. This open enrollment is slated to run until December 22, 2006. Additional information about the process was mailed to employees by John Hancock during November. Employees may contact them directly at the John Hancock Customer Service Center 1-800-498-9100 or the Texas A&M University System Long-Term Care Web site at <http://tamus.jhancock.com> (username: tamus; password: mybenefit).

BPP changes

Effective December 7, 2006 there will be changes to the B/P/P System screens to accommodate LTC deductions managed by the John Hancock Company. Processing for LTCE and LTCS deductions will be very different than any of the other insurance deductions on the 106 (Benefit Maintenance) screen. **All enrollment and premium calculations will be handled by John Hancock who will feed the information to the B/P/P System. Insurance processors will not be able to modify the LTCE or LTCS data on the 106 screen. That information will be updated automatically at Month-end from files sent by John Hancock.** Payroll deductions will occur the following month for those with active deductions. On December 21st all existing LTCE/LTCS deductions will be turned off in BPP. Shortly after the existing deductions are terminated, the file of new deductions from John Hancock will be loaded. Starting on January 2, 2007 the new deductions will be available for payroll and billing processing.

Detail 12/7/2006 screen changes

1. The 106 screen will only show the LTCE and LTCS deductions as reported to us by John Hancock with no changes possible on the screen. The only update to these two deductions is that the deduct code used for the LTCE and LTCS deductions will be automatically set based on other active deduct codes on the 106 screen. Example: If an employee's deductions were coded as 2 for January but changed to 1 for February, the

- LTCE/LTCS deduct code would be 2 in January but change to 1 for February as the BPP insurance processor changed the other deductions on screen 106.
2. The LTC flag (Y/N) for spouse on screen 115 (**Dependent Data**) will be eliminated as well as the requirement to have a spouse SSN required.
 3. The 107 screen (**Expanded Long-Term Care Coverage**) will no longer display the age and coverage levels since the B/P/P System will no longer maintain those items. That information will be maintained by the employee directly with John Hancock. At some future date, some coverage-level information received from John Hancock will be displayed in the B/P/P System.
 4. The 601 screen (**Estimated Insurance Calculation**) will not allow for changes other than keeping or eliminating the deductions (LTCE and/or LTCS) as it appears on the 106 screen. This is because the B/P/P System cannot estimate the levels of coverage and cost.
 5. The 605 screen (**Net Pay Calculation**) will allow for current deduction amounts for LTCE / LTCS to be included in the estimate. The validity of the deductions will rely solely on the data received from John Hancock each month.

Other BPP changes

The payroll calculation process will no longer use the “catch-up” feature based on due dates for LTCE and LTCS. It will always deduct only the premium amount shown on the 106 screen. The due date will still be set forward when the deduction is made, and a deduction will not be taken if the due date is a future date. If a catch-up in premium is needed, John Hancock will send double the premium amount on their monthly file and this larger amount will appear on the 106 screen. Once the catch-up is complete, they will send the single premium amount on the next file.

Employees on FMLA or Leave-without-pay will be billed through the B/P/P Billing System. As with CNA, retirees, surviving spouses and enrolled family members (other than spouse) will be billed directly by John Hancock and not through the B/P/P Billing System.

Employees with a 1 deduct code will still have 4 months of their LTCE and/or LTCS deduction taken in May. Once the 4 months of premiums has been deducted, no further deductions will be made until September.

After all payroll and billing deductions have been processed for the month, a file of premiums collected will be sent to John Hancock along with the remittance. Enrollees for whom no deduction was collected that month will be switched by John Hancock to a direct-bill status. On the next monthly file, John Hancock will send a terminate record on the file to BPP which will result in the coverage being turned off on the 106 screen. From then on, John Hancock will bill that enrollee directly. They can only be returned to payroll-deduct status at request of the employee to John Hancock.

If you have any questions or concerns, please forward them to BPPHELP@tamu.edu.