

# Benefit Premium Process Change Coming In January 2021

*Sent to Liaisons 12/10/2020*

The benefit premium collection process is changing in January 2021. Here's a breakdown of what is changing and how it impacts you and your employees. Overall, it will not impact the average employee, but there will be a small impact on new hires, terminations, and retirees.

## Why is the process changing?

In the current process, premiums are collected from paychecks **AFTER** the benefits coverage period has ended. This is called "premium in arrears." We're not sure why this practice was put in place many years ago. Today, it severely impacts how we can use the HRIS system since it is a customization that prevents us from implementing new modules to make the system more efficient and user friendly. The change will also eliminate many hours of manual work currently involved in premium processing.

## What part of the process is changing?

The premiums will now be collected from paychecks and applied **DURING** the benefits coverage period. This will be called "premium paid current." There will still be 26 pay periods per year. We have created a guide to the current and future state in a [handy chart](#). You can also view the [2021 premium calendar](#).

## How will this impact employees?

- **Ongoing Employee:** There is no visible change for ongoing employees. Ongoing employees and agencies will continue to pay 26 times throughout the plan year. ADOA will apply the premium paid differently to be during the pay period instead of after.
- **New Hire:** New hires will pay earlier than they do today. ADOA will deduct their first benefit premium directly after the benefit plan start date.
- **Terminations and Retirees:** Since coverage is paid current, employees will have paid all benefit premiums before the end of the coverage period. There will be no need to collect premiums after they have left state employment.

## What will liaisons and agencies have to do?

- For ongoing employees, you will continue to pay premiums just like you do today, 26 times per year. The only difference is when they are allocated to the benefits coverage period.
- For new hires, be sure to inform them that benefits will be taken out of their first paycheck after they enroll and applied to the current coverage period.
- For terminations and retirees, be sure to inform them that their benefits are paid through the end of the coverage period, and no additional premium will be deducted.

## Will there be an employee announcement?

We are not planning an announcement since this is an operational change only. It does not reflect on the paystub, coverage is not affected, and a message would only cause unnecessary confusion and phone calls. The [hr.az.gov/yes](http://hr.az.gov/yes) homepage will have a message for reference. We will fully train HR-Benefits Member Services to answer questions if they arise.

## When does this take effect?

The first pay period that will have the benefits applied under the "premium paid current" system will be January 9 - January 22, 2021 and we will apply the premium on January 14, 2021. See the [comparison chart](#) and [the 2021 premium calendar](#).