



**State of Louisiana**  
DIVISION OF ADMINISTRATION

**OFFICE OF STATE UNIFORM PAYROLL**

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October 21, 2005

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2006-22

TO: All ISIS HR Agencies

FROM: Jena W. Cary  
Director

SUBJECT: Changes to the Rule Governing Payroll Deductions

Several changes are being proposed to the Rule governing payroll deductions in order to adopt changes as recommended by the Uniform Payroll Insurance Commission, to reorganize the sections of rule to eliminate repetitive details, and to further define and clarify parameters for vendors. The Notice of Intent for the changes to the rule has been published in the October 20, 2005 edition of the Louisiana Register. The final rule should be effective January 20, 2006.

The **major changes** to the rule are to:

1. Clarify the types of vendors covered under this rule and define each.
  - a. Statewide Vendors
  - b. Statutory Vendors
  - c. Intra-Agency Vendors
2. Clarify the deduction rule authority.

Products authorized through OSUP are for all state employees and all state agencies of the executive branch of state government. Exceptions:

  - a. Governing boards of higher education facilities
  - b. Intra-Agency deductions that are only approved for the agency requesting the deduction and not statewide
3. Add "group plans" to list of deductions that are not permitted for statewide (miscellaneous insurance) vendors.
4. Add a timeframe for enhancements to products and define difference between enhancements vs. changes. Enhancements can be submitted twice a year and changes continue to be allowed once a year.
5. Change the minimum participation requirements from 1,000 per product to 100 per product.
6. Add that the semi-monthly deduction on the SED-4 must be to the second decimal place.

Below is a list of these changes as well as other changes that have been made to this rule:

**Terminology/Definitions changed:**

<b>From (Deleted)</b>	<b>To (Added)</b>
Application	<b>Annual Renewal Application</b> "vendor" changed to "statewide vendor"
Coordinator	<b>Administrative Coordinator</b> added "state department/agencies & company representatives"
DOA Statewide Payroll System	<b>Integrated Statewide Information System Human Resource payroll system (ISIS HR)</b>
General Insurance Vendors & Non-Insurance Vendor	<b>Statewide Vendors</b> simplified definition
Organization	<b>Statutory Vendors</b> added list of applicable vendors

**Definitions Deleted:**

1. Authorized Code
2. Commissioner
3. Employee Deduction Code
4. IntraOffice Deduction
5. IRS
6. Menu Item Provider
7. Payroll Reporting Number
8. Product Authorization
9. Provider
10. Review
11. Section 125 Status
12. SED-2
13. Third Party
14. Uniform Fee Schedule
15. Vendor
16. Voluntary Deduction

**Definitions Added:**

1. Billing Coordinator - added to allow the Administrative Coordinator to appoint a vendor representative to handle the areas of billing, reconciliation problems and refunds.
2. Department Head - previously referred to as secretary or undersecretary, now defined as any elected official, department secretary or their designee for those agencies defined under R.S. 36:4.
3. Entity - previously referred to as company or corporation.

4. Intra-Agency Vendors - any entity having the Office of State Uniform Payroll's approval for an intra-agency deduction.
5. Louisiana Sales Coordinator - added to allow the Administrative Coordinator to appoint a vendor representative to handle the areas of solicitation and educational responsibilities.
6. SED-3 - standard form, Department Request for Payroll Deduction Vendor, required to be submitted with any new application that must be signed by a department head.

**Definitions changed:**

1. Administrative Contract - "a company or corporation" changed to "an entity".
2. Agency Number - clarified to be representing a single agency in the ISIS HR payroll system.
3. Applicant - "company, corporation or organization" changed to "entity" , added "statewide" to vendor.
4. Data File - spelled out OSUP and changed SEGBP to OGB and spelled out.
5. Department/Agency - clarified to be one of the major departments of the executive branch as defined under R.S. 36:4.
6. Flexible Benefits Plan - added (FBP) and changed "IRS Code Section" to "Internal Revenue Code (IRC) §".
7. Guidelines for Review - removed (GFR) as the full term is referenced in the body of the rule.
8. Intra-Agency Deduction - "required" changed to "established".
9. New Application - "a new provider" changed to "an entity", added "statewide" to vendor.
10. Office of State Uniform Payroll (OSUP) - removed "DOA statewide payroll system"
11. Policy Form - clarified to be for individual plans.
12. Premium Due - clarified to be the amount of money the vendor expects to receive for the product or service provided to the employee.
13. Product - removed "or service" and clarified that a product is authorized through the statewide vendor annual renewal or new application process.
14. Product Code - clarified to be the code assigned by the Office of State Uniform Payroll to specific products.
15. Reconciliation - clarified to be at the product level.
16. SED-4 - clarified to be the standard form developed by the Division of Administration, Office of State Uniform Payroll used to process employee statewide vendor deductions. This form is no longer published in the rule.
17. Service Plan - clarified to be plans of insurance where benefits are the actual services rendered to the covered individual rather than a monetary benefit.

**Definitions with no changes:**

1. Deduction
2. Division of Administration (DOA)
3. Employee Payroll Benefits Committee (EPBC)

4. Flexible Benefits Plan Year
5. Governing Board
6. Insurable Interest
7. University
8. Vendor Representative

**Sections Revised:**

1. 101. Definitions
2. 103. Employee Payroll Benefits Committee (EPBC), and  
105. EPBC Selection and Tenure

**Revised and combined into Section 103. Employee Payroll Benefits Committee (EPBC).**

Clarified the EPBC as being comprised of 12 nominated and two ex officio state employees of the departments of the executive branch of state government as defined under R.S.36:4.A and the Office of the Governor. Removed the specific departmental representation.

3. 107. Employee Product Evaluation (Requirements),  
109. EPBC Product Evaluation (Annual Applications),  
111. EPBC Product Evaluation (New Application),  
113. Product Approval and Notification,  
115. Application Process, and  
135. B & D General

**Revised and combined into new Section 106. Statewide Vendor Annual Renewal and New Application Process.**

Reorganized information in all of these sections into one Application section to remove duplication of process.

4. 117. Applicant and Vendor Requirements,  
121. Deduction Authorization Form,  
123. Solicitation of State Employees,  
125. Vendor Responsibility,  
129. Reporting,  
133. Termination of Payroll Deduction, and  
135. A General

**Revised and combined into new Section 114. Statewide Vendor Requirements and Responsibility.**

Reorganized information in all of these sections into one Statewide Vendor Requirements and Responsibility section to remove duplication of process.

5. 112. Statewide Vendor Requests for Enhancements/Changes to Products.
  - a. Enhancements to policies occur when:
    - i. a vendor requests to broaden an existing, solicited policy's benefits/coverage;
    - ii. a vendor requests the existing, solicited policy to be replaced by the enhanced policy;
    - iii. the vendor stops soliciting the existing policy;

- iv. current policyholders may choose to keep the existing policy or convert to the enhanced policy; and
  - v. new policyholders must purchase the enhanced policy.
  - b. Changes, including but not limited to, rate changes, co-payment changes and reduction in benefits occur when:
    - i. a vendor requests an existing, solicited policy to be changed;
    - ii. current policyholders must choose to either accept the changed policy or terminate the policy; and
    - iii. new policyholders must purchase the changed policy.
- Added statement for those requests that do not meet an enhancement or change classification. These will be reviewed by OSUP to determine what timeline the request will follow.
- 6. 119. Rule Transition - any statewide vendor receiving payment through payroll deductions on the effective date of this rule shall continue to be approved as a vendor until the next annual renewal process if requirements of §114 are met. Those statewide vendors not meeting the participation requirements set forth in §114.C.3 of this rule by December 31, 2005 will be denied deduction privileges (**Note:** the participation level change was implemented by UPIC and has been enforced since calendar year 2002).
  - 7. 127. Department/Agency Responsibility - moved processing of refunds and reporting infractions of the rule from the Department Head responsibility to the Department/Agency designated personnel responsibility.
  - 8. 131. Fees - added the rule promulgated under R.S. 42:458 to allow a collection of fees.
  - 9. 137. Appeal Process - added vendor representatives in the appeal process.

**Sections Added:**

- 1. 102. Deduction Rule Authority/Applicability  
The three types of vendors defined determine which sections of the payroll deduction rule apply to them.
- 2. 122. Statutory and Intra-Agency Vendor Information  
This section provides the requirements for these types of vendors.  
There will be no additional requests for agency associations accepted by OSUP after the effective date of this rule.

**Other changes:**

- 1. SED-3 form revised to replace the certification that “the request does not represent a duplication of a product” with “this department/agency attests that this product/service would be a benefit for employees of this department/agency”.
- 2. SED-4 form removed from rule to allow changes to the form without having to go through a rule revision as this form is a standard form developed by DOA, OSUP.

A copy of the Notice of Intent can be obtained from the Office of the State Register's website on [Louisiana Register](#) pages 2589-2598 (pages 19-28 in pdf file) at the

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following link: <http://www.doa.state.la.us/osr/reg/0510/0510NOI.pdf>. **Please read the entire rule to be aware of what is expected of agencies.**

Any comments regarding the contents of this proposed rule may be submitted in writing to the Office of State Uniform Payroll to the attention of Jena Cary at PO Box 94095, Baton Rouge, LA 70804-9095. All comments must be received no later than 5:00 p.m. November 21, 2005. If you have any questions on this information, please contact Angel Vernon at (225) 342-5344.

JWC:APH:kmb