

Paylogix® Payroll Interface

Frequently Asked Questions



This outline provides information on the interface process between the client and Paylogix® to facilitate the premium collection and reporting. This document is a guideline only. Please be sure to reference benefit program material or contact the benefit provider directly for specific program related questions.

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How does Paylogix® Interface with the Payroll?

Every client is potentially different in how they handle their payroll and “communicate” with their system. Paylogix® works with each client to establish the data transfer specifications that work best for their system. The client’s responsibilities to allow an automated transfer are as simple as:

- *Making the minor adjustment to enable their payroll system to accept a payroll deduction billing file from Paylogix® (i.e.-assign a payroll slot to Paylogix®); and

- *Create a payment file or report format to be sent to Paylogix®.

Once the specifications are complete and agreed to on both sides, a test is done of both the billing and premium remittance processes to ensure the functionality, prior to the first “live” billing. Ongoing, Paylogix® works with the client in resolving any daily questions with regard to the billing/payment process.

How does the Billing Process Work?

The billing process begins with the initial deduction, which is to be effective for the first month of coverage. To start the process, Paylogix® prepares a billing register showing the payroll deduction amount to be taken for each participating employee, and the first date the deduction is to be made, and sends this to the client to be set up on their system. The amounts billed reflect the amounts to be deducted per payroll modal frequency for the employee (i.e.-- if the client pays their employees every two weeks, the deduction should be for the premium required for two weeks of coverage.)

- *Payroll Locations: Paylogix® can support any number of Payroll locations for a case. Each

location is uniquely identified and will receive one payroll deduction billing, including the initial billing set-up notification.

- *Payroll Cycles: The payroll deduction amount billed depends upon an employee’s payroll frequency, or the payroll center’s deduction and billing frequency.

Our system can accommodate any frequency of deduction - monthly, semi-monthly, bi-weekly or weekly are the more typical. If the deductions are taken more frequently than once per month, the employee’s deduction frequency is used to calculate the deduction amount for each paycheck. For example, if an employee’s deduction frequency is weekly, we calculate a weekly deduction amount (monthly premium x 12, divided by 52), and communicate that to the employer for payroll processing.

A given payroll center can have as many different deduction frequencies as required. Each employee is processed on the basis of his or her own deduction frequency, as indicated by the employer.

What billing methods are supported?

- *Automated Billing: The most efficient billing method is the automated bill. The automated billing file lists summary information concerning the employee’s payroll deductions, and is executed through an electronic file transfer. A hard copy of the billing can be printed from the Paylogix® web-site, if desired. Prior to the first billing, the Paylogix® Account Manager works with the payroll center(s) to establish record formats, billing and payment schedules, file specifications and other variable information. A test billing is also produced in advance of the effective date.

- *Electronic Billing: If a payroll center is unable to accommodate automated billings, electronic billings are available. Electronic billing involves the preparation of an electronic Billing Report for each payroll center that lists participation information concerning each employee’s payroll deduction. Reconciliation can be performed online without requiring hard copy notation.

***Manual Billing:** If a payroll center is unable to accommodate automated billings, manual billings are available. Manual billings involve the preparation of a hard copy Billing Report for each payroll center which lists participation information concerning each employee's payroll deduction. All reconciliation is then done on the list bill, with annotations for changes as appropriate.

How are New Employees and Changes Handled?

The billing file Paylogix® provides can be designed one of two ways:

- 1. Full Report** - all employees and their deductions for the deduction period are transmitted, with full file reconciliation.
- 2. Changes Only Report** - only the employees who are "additions" (A), have "changes" (C) to their respective deductions, or have "deleted" (D) deductions.

(Note: The second option-Add/Change/Delete-is the preferred method used by the majority of our clients).

Describe the Payment Process

The client payroll centers are responsible for taking employee deductions and remitting payment information, manually or automated, to Paylogix®. Each Process has its own method of payment, with options.

***Automated:** The automated method creates a payment file that includes the variance codes and status dates. Paylogix® develops a reconciliation report that compares the amount billed to the amount paid. This file can include payment information only, or be combined to include eligibility information into one file.

***Electronic:** The electronic method utilizes the web accessed billing report as a "turnaround" document. The payroll center documents the variance codes and status dates on the report and returns it to Paylogix® with payment. For example:

- 1.** If the amount being paid is the same as the amount billed and the employee is still on active payroll, no entry needs to be made.
- 2.** If the amount being paid is less than or greater than the amount billed, an entry needs

to be made.

- 3.** If the employee is no longer on active payroll, an entry needs to be made.

***Manual:** The manual method utilizes the hard copy billing report as a "turnaround" document. The payroll center documents the variance codes and status dates on the report and returns it to Paylogix® with payment. For example:

- 1.** If the amount being paid is the same as the amount billed and the employee is still on active payroll, no entry needs to be made.
- 2.** If the amount being paid is less than or greater than the amount billed, an entry needs to be made.
- 3.** If the employee is no longer on active payroll, an entry needs to be made.

When are payments due?

Paylogix® should receive the payment information and monies by the date indicated on the Manual Billing hard copy statement, or per an agreed schedule for Automated Billings. They should be forwarded at the same time. Prompt payment is essential to assure that employee records are updated and processed prior to the next payroll deduction billing. A check payment (with manual report) should be forwarded to:

**Paylogix f/b/o <account name>
1025 Old Country Road, Suite 310
Westbury, New York 11590**

Wiring or Electronic Fund Transfer options are available and instructions can be provided upon request.

Variance Reporting

A variance occurs when an employee's actual payroll deduction does not agree with the amount billed. The variance amounts, reasons and dates need to be reported to Paylogix® for each deduction billing cycle, so updates and corrections can be made prior to the next billing.

***Variance Codes:** Variance codes are used to detail the nature of a variance; i.e. termination, leave of absence, etc. These variance codes instruct Paylogix® to take the appropriate action. Listed below are the standard codes used in reporting variances, and the resulting action taken by Paylogix®.

A - ACTIVE EMPLOYEE - No action is taken unless payment is greater than or less than the billed amount. If payment is short, direct billing by provider(s) for the shortage may occur. If payment is extra, the program will be credited appropriately, or a re-spreading of deductions for the remaining payroll periods may occur, or the provider(s) may refund the extra amount directly to the employee.

C - REQUEST TO CANCEL - A Cancellation request will be forwarded to the provider(s) and further billings will cease unless instructed otherwise.

L - LEAVE OF ABSENCE - Leave from active pay status is communicated to the provider(s), and direct billing for missed deductions by provider(s) may occur.

R - RETURN FROM ABSENCE - Return to active pay status is communicated to the provider(s), the employee will be returned to the company billing, and direct billing by provider(s) will cease as soon as direct billed premiums are paid current.

O - OTHER - Reserved for communicating variances not otherwise specified. Variance specifics are required, and will be documented and communicated with the provider(s). Appropriate action is taken if payment is greater or less than the billed amount. If payment is short, direct billing by provider(s) for the shortage may occur. If payment is extra, the program will be credited appropriately, a re-spreading of deductions may occur, or the provider(s) may refund the extra amount directly to the employee.

T - TERMINATED EMPLOYMENT - Employee has permanently or temporarily ceased to be employed by company. No further payroll deductions can be made and the employee will be removed from all future company billings. A status date or effective date is required when communicating all variances, to chronologically detail the event of a variance; i.e. termination, leave of absence, etc. The status date instructs Paylogix® and the provider(s) to take appropriate actions and triggers a program specific response. The status date for an ACTIVE EMPLOYEE is the date of hire for that employee, and is often used for program eligibility by the provider(s).

Direct Billing

A billing transaction is generated within the Paylogix® system. Notification is made to

Paylogix® via remittance that a deduction has been missed. This information is passed directly to the provider for initialization of direct billing of missed deduction amounts. The provider is responsible to send a bill to the home address of an employee who is retired, terminated, on leave of absence, or has missed a payroll deduction. Direct bills are to be paid directly to the provider in accordance with billing instructions. An employee is returned to payroll deduction only when the provider and/or the employer notify Paylogix®.

***Payment Shortages and Missed Deductions:** Paylogix® accounts for all differences between billed and collected premiums/ contributions, and appropriate actions are taken to resolve differences. Differences between billed and collected amounts can be resolved directly with the payroll center (i.e., one-time adjustments) or between Paylogix® and the provider. Consecutive missed or short deductions may result in the deletion of the employee from payroll deduction billing.

***Transfers:** If a client has multiple payroll centers, periodic transfers of employees from one payroll to another may occur. Transfers are handled as follows:

1. The previous payroll center should notify the new payroll center of the current deduction amount. If the frequency of deduction is changing, the new payroll will need to adjust the deduction amount accordingly.
2. The old payroll entity should notify Paylogix® of the new payroll entity.
3. Paylogix® will change its records accordingly. On the next available billing, an "addition" (A) transaction will be sent to the new payroll entity, and a "delete" (D) transaction will be sent to the previous payroll center.

Establishing Payroll Interface and Tech Specs

Paylogix® interfaces over 1000 times a month with clients via data exchanges. Our systems are among the very best at accepting a myriad of data formats when standard formats are not available. We can accomplish this only through the reliable data interface established at the time of case initialization. Paylogix® works closely with the client to gather the appropriate payroll center and technical data to establish this interface, using a detailed checklist.