# Oracle Fusion Cloud Human Resources

## How do I configure benefit rates and coverages?

Oracle Fusion Cloud Human Resources
How do I configure benefit rates and coverages?

G38659-01



Author: Byju Thampi

# Contents

# Get Help

There are a number of ways to learn more about your product and interact with Oracle and other users.

## Get Help in the Applications

Some application pages have help icons to give you access to contextual help. If you don't see any help icons on your page, click your user image or name in the global header and select Show Help Icons. If the page has contextual help, help icons will appear.

## Get Support

You can get support at *My Oracle Support*. For accessible support, visit *Oracle Accessibility Learning and Support*.

## Get Training

Increase your knowledge of Oracle Cloud by taking courses at *Oracle University*.

## Join Our Community

Use *Cloud Customer Connect* to get information from industry experts at Oracle and in the partner community. You can join forums to connect with other customers, post questions, suggest *ideas* for product enhancements, and watch events.

## Learn About Accessibility

For information about Oracle's commitment to accessibility, visit the *Oracle Accessibility Program*. Videos included in this guide are provided as a media alternative for text-based topics also available in this guide.

## Share Your Feedback

We welcome your feedback about Oracle Applications user assistance. If you need clarification, find an error, or just want to tell us what you found helpful, we'd like to hear from you.

You can email your feedback to *oracle_fusion_applications_help_ww_grp@oracle.com*.

Thanks for helping us improve our user assistance!

# 1 Rate Creation and Calculation

## Overview of Rates and Coverages

Benefits administrators and managers create and manage benefit rates and coverages using the tasks in the Plan Configuration work area.

Here's the list of tasks:

- Manage Benefit Rates
- Manage Benefit Plan Coverage

This topic covers key benefit terms related to rates and coverage:

- Rates
- Coverage
- Calculation methods
- Variable rates and coverage
- Final calculation

### Rates

Rates determine costs for purchasing benefit coverage, such as life or health insurance. Rates usually determine an amount of monetary contributions paid by:

- The employee
- The employer
- A combination of both

Rates can also determine amounts distributed from the employer to the employee, such as for tuition reimbursement.

### Coverage

Coverage defines monetary amounts available to enrolled participants in the event of a claim, such as for medical expenses.

### Calculation Methods

You can calculate standard rates and coverage using a variety of delivered calculation methods, such as flat amount or multiple of coverage. Or, you can create a calculation formula.

### Variable Rates and Coverage

To vary a rate or coverage by criteria, you can associate variable rate or coverage profiles that adjust or replace the standard rate or coverage calculation.

Example: You can adjust a rate based on criteria such as location, length of service, and participant's age.

## Final Calculation

To derive the final calculation of the rate or coverage, you can apply limits and rounding rules.

# Define Elements, Balances, and Formulas

The Define Elements, Balances, and Formulas task list contains the tasks required for creating payroll elements for compensation, absences, time and labor, and HR management.

You can also use this task list if you're recording earnings, deductions, and other payroll data for reporting, compensation and benefits calculations, or transferring data to a third-party payroll provider.

> **Note:** If you're using Oracle Global Payroll, use the Define Payroll task list instead. The Define Payroll task list includes other tasks required to set up payroll processing.

## Required Tasks

Your business requirements and product usage decide which required tasks you need to complete. The required tasks include:

- Elements
- Payroll Definitions, which is usually required to support elements
- Consolidation Groups, which is required for creating payroll definitions

If you use predefined Payroll Interface extracts to transfer data to a third-party payroll provider, you might need to create element subclassifications, balances, organization payment methods, and object groups. See the Global Payroll Interface documentation for more information.

## Before You Begin

Before you start the Define Elements, Balances, and Formulas task list, complete the tasks these offerings contain.

| Task | Use To | Why It's Important |
|---|---|---|
| Manage Legal Entities | Create payroll statutory units. | Ensures that hiring employees automatically creates payroll relationship records. |
| Manage Legal Entity HCM Information | Associate a legislative data group with each payroll statutory unit. | Ensures that hiring employees automatically creates payroll relationship records. |
| Manage Features by Country or Territory | Select Payroll Interface as the extension for any countries or territories where you extract HR data to send to a third-party payroll provider. | Ensures that you use the appropriate element templates to create earnings. |

# Configure Legislations for Human Resources

Use this task to create and edit legislative data for a country or territory that doesn't have a predefined country extension. It guides you through configuring some payroll objects and values required for creating elements, including:

- Tax year start date
- Period of service on rehire rules
- Default currency
- Element classifications
- Component groups
- Payment types

**Note:** Complete this task before the other tasks in this task list.

# Elements

Use elements to communicate payment and distribution information to payroll applications from the source applications listed in the following table.

| Source Application | Element Purpose |
|---|---|
| Compensation | • Earnings and deduction elements, such as bonuses, overtime earnings, and voluntary deductions.<br>• Information elements to load user-defined data to use during a workforce compensation cycle. |
| Benefits | • Deduction elements to record activity rate calculation results, such as:<br>o Employee contributions and employer distributions for medical options<br>o Flex credits for flex benefits<br>• Earnings elements to disburse unused credits as cash. |
| Time and Labor | Time card details such as salary, overtime hours, and shift unit payments. |
| Absence Management | Absence details such as number of hours, days absent, or accrual absence balance details. |

# Payroll Definitions

The payroll definition supplies the payroll period frequency and dates, which some applications use for payroll calculations. A payroll is assigned to the assignment record of an employee, it indicates the payroll frequency for the assignment such as weekly. This table shows which applications require payroll definitions.

| Application | Payroll Definition Required? | Usage Conditions |
|---|---|---|
| Global Payroll Interface | Yes, optional | Required if you run the Calculate Gross Earnings process |
| Compensation | Yes, optional | Required if you capture salary with a frequency of payroll period |

| Application | Payroll Definition Required? | Usage Conditions |
|---|---|---|
| Benefits | Optional | Required to use the payroll period frequency to calculate communicated rates or values passed to payroll. |
| Time and Labor | Optional | NA |
| Absence Management | Optional | NA |

## Consolidation Groups

You must have at least one consolidation group for each legislative data group where you create elements. Payroll definitions require a consolidation group.

## Other Payroll-Related Setup Tasks

Your implementation might require other tasks from My Client Groups.

| Task | Requirements |
|---|---|
| Organization Payment Methods | To record personal payment methods for your employees, you need to create organization payment methods and associate them with your payroll definitions. Organization payment methods define the combination of payment type and currency to use for payments to employees or external parties. |
| Element Classifications | Primary element classifications are predefined. If you run the Calculate Gross Earnings process (provided with Global Payroll Interface), you might create subclassifications to feed user-defined balances. |
| Fast Formulas | The Elements task provides predefined payroll formulas for payroll interface users. You can also write formulas for several uses, including:<br>• Validating user entries into element input values<br>• Configuring compensation, benefit, and accrual plan rules<br>• Calculating periodic values for gross earnings and defining element skip rules for the Calculate Gross Earnings process (provided with Global Payroll Interface) |
| Balance Definitions | If you're using Global Payroll Interface, creating earnings elements creates balances automatically. You can edit these generated balance definitions.<br>If you're using the Calculate Gross Earnings process, you might want to create other balances for extracts or reporting. |
| Object Groups | You can create object groups to specify subsets of elements or payroll relationships to include in a report or process, such as the Calculate Gross Earnings process. |

*Related Topics*

- Overview of Using Formulas
- Payroll Definitions
- Payroll Balance Definitions
- How Payroll Elements Hold Information for Multiple Features

# Rate Calculation Methods

Rate calculations apply a calculation method to values that you define or values that participants enter during enrollment.

The following calculation methods are available for computing rates:

| Calculation Method | Description |
|---|---|
| Flat amount | Predefined or entered during enrollment. |
| Multiple of compensation | Calculates rate as multiple of participant's compensation amount |
| Multiple of coverage | Calculates rate as multiple of total coverage amount |
| Multiple of parent rate | For child rates only, calculates rate as multiple of the parent (primary activity) rate |
| Multiple of parent rate and coverage | For child rates only, calculates rate as multiple of both parent rate and coverage amount |
| Multiple of coverage and compensation | Calculates rate as multiple of both coverage and compensation |
| No standard value used | Uses rate defined in variable rate profiles |
| Set annual rate equal to coverage | Uses total coverage as the annual rate amount |
| Post enrollment calculation formula | Calculates rate based on election information entered during enrollment using a formula you define |
| Calculate for enrollment formula | Calculates rate on enrollment using a formula you define |

The calculation method you select works with other settings to compute the final rate.

| Condition | Related Configuration |
|---|---|
| Calculations using multiples | Specify the operation, such as simple multiplication, percentage, or per hundred. |
| Calculations based on compensation | Specify the compensation factor that defines the basis for the compensation calculation, such as weekly stated salary or stated annual salary. |
| If you enable participant entry | You can set valid ranges, default values, and increment values, as applicable. The default values apply if you recalculate rates and no user entered value is available. |

| Condition | Related Configuration |
|---|---|
| Partial month enrollment | You can define a prorated rate. |
| Rounding | Select a rounding rule. |
| Limits | Define high and low limits. |
| Variable rates | Attach variable rate profiles to the standard rate. |

*Related Topics*

- Variable Rates Options
- How Coverages Are Calculated
- Create a Benefit Variable Rate

# Multiple of Compensation Calculation Method Example

The calculation method and other settings defined for a rate determine how and when the rate is calculated. For example, the rate might be calculated prior to enrollment, upon enrollment, or after enrollment has been completed.

## Scenario

The example in this topic shows the calculation details when you use the Multiple of Compensation calculation method.

| Inputs to Calculation | Calculated Rate | Calculation Details |
|---|---|---|
| **Compensation Amount**: 25,000 (value derived by applying a **Compensation Factor** of **Stated Annual Salary**)<br><br>**Multiplier**: 1<br><br>**Operator**: Per ten thousand | 2.5 | (1/10,000) * 25,000 |

# Multiple of Coverage Calculation Method Example

The calculation method and other settings defined for a rate determine how and when the rate is calculated. For example, the rate might be calculated prior to enrollment, upon enrollment, or after enrollment has been completed.

## Scenario

The example in this topic shows the calculation details when you use the Multiple of Coverage calculation method.

| Inputs to Calculation | Calculated Rate | Calculation Details |
|---|---|---|
| **Coverage Amount**: 200,000<br>**Multiplier**: 1<br>**Operator**: Per ten thousand | 20 | (1/10,000) * 200,000 |

# Multiple of Coverage and Compensation Calculation Method Example

The calculation method and other settings defined for a rate determine how and when the rate is calculated. For example, the rate might be calculated prior to enrollment, upon enrollment, or after enrollment has been completed.

## Scenario

The example in this topic shows the rate calculation details when you use the Multiple of Coverage and Compensation calculation method.

| Inputs to Calculation | Calculated Rate | Calculation Details |
|---|---|---|
| **Multiplier**: 0.0001<br>**Multiple of Compensation Operator**: Multiply by<br>**Compensation Amount**: 25,000 (value derived by applying a **Compensation Factor** of **Stated Annual Salary**)<br>**Multiple of Coverage Operator**: Per ten thousand<br>**Coverage Amount:** 100,000 | 25 | [(.0001 * 25,000) / 10,000] * 100,000 |

# Multiple of Parent Rate Calculation Method Example

The calculation method and other settings defined for a rate determine how and when the rate is calculated. For example, the rate might be calculated prior to enrollment, upon enrollment, or after enrollment has been completed.

## Scenario

The example in this topic shows the rate calculation details when you use the Multiple of Parent Rate calculation method.

| Inputs to Calculation | Calculated Rate | Calculation Details |
|---|---|---|
| **Multiplier**: 2<br><br>**Parent Rate Operator**: Multiply by<br><br>**Parent Rate**: 2.5 (value derived from selected **Parent Rate Name**) | 5 | 2 * 2.5 |

# Multiple of Parent Rate and Coverage Calculation Method Example

The calculation method and other settings defined for a rate determine how and when the rate is calculated. For example, the rate might be calculated prior to enrollment, upon enrollment, or after enrollment has been completed.

## Scenario

The example in this topic shows the rate calculation details when you use the Multiple of Parent Rate and Coverage calculation method.

| Inputs to Calculation | Calculated Rate | Calculation Details |
|---|---|---|
| **Multiplier**: 1<br><br>**Coverage Operator**: Per ten thousand<br><br>**Coverage Amount**: 200,000<br><br>**Parent Rate Operator**: Multiply by<br><br>**Parent Rate**: 2.5 (value derived from selected **Parent Rate Name**) | 50 | [(1 * 2.5) / 10,000] * 200,000 |

# Ways to Create Benefit Rates

You can create and edit benefits standard rates using many methods.

Here's the list of methods:

- Create rates for plans or options during program and plan quick create.
- Create rates using the **Manage Benefit Rates** task in the Plan Configuration work area.
- Create rates in the plan configuration integrated workbook.
- Edit rates in the Edit Rates integrated workbook.
- Copy rates to additional legal employers.

## Creating Rates with Quick Create Program and Plan

You can create rates that use the flat amount calculation method for plans with or without options. Enter employer and participant costs using Quick Create Program or Quick Create Plan. Click **Quick Create Program** or **Quick Create Plan** in the programs or plans Search Results section.

When you save the program or plan, the save process:

- Creates the rates based on the cost values that you entered. You can't name the rates using your own naming conventions. With the quick create methods, the save process automatically creates the rate name when it creates the rate.
- Sets the rates usage to **Standard** and the calculation method to **Flat Amount** for each cost
  .

You can edit these new rates after searching for them on the Manage Benefit Rates page, Standard Rates tab.

## Creating Rates with the Manage Benefit Rates Task

You can create standard rates based on flat amounts or other calculation methods. Calculation methods include multiple of coverage or multiple of compensation, as well as calculate for enrollment formula.

Use the **Manage Benefit Rates** task to create the standard rate and specify:

- The calculation method
- Payroll and processing information
- Extra inputs
- Partial month determination
- Annual rates

## Creating Rates in the Plan Integrated Workbook

Create rates that use the flat amount calculation method when you create plans with or without options using the benefit plans integrated workbook. Upload processing is the same as when you save the quick create plan. To generate the workbook, click **Prepare in Workbook** on the plans Search Results section. Then enter plan and option details, including employer and participant costs.

## Editing Rates in the Edit Rates Integrated Workbook

On the Manage Rates page, use the Edit Rates workbook to edit many existing rates at once, for example, to reflect annual changes in contribution.

- Download and edit standard rates for only one calculation method at a time.

- Edit standard rates only.
- You can't use the workbook to associate variable rate profiles with standard rates.

## Copying Rates for Additional Legal Employers

Rather than creating the same rates for multiple legal employers, you can create them once, then duplicate them for use by additional legal employers.

Use the **Manage Benefit Rates** task to search for the standard rate that you want to use for additional legal employers:

1. Click the **Duplicate** button for the rate to open the Duplicate dialog box.
2. Select and add the legal employers to which you want to copy the standard rate.

*Related Topics*

- Manage Standard Benefit Rates in the Integrated Workbook
- Create Imputed Rates
- Overview of Rates and Coverages
- Ways to Create Benefit Variable Rates
- How Defined Rate Frequency Works with Communicated Rate Frequency

# Benefits Rate Level Options

Use the Rate Level field to define the level at which you want to associate rates with your programs and plans-not-in-program.

You can define rates at the following levels:

- Legislative Data Group (LDG) level
- Legal Entity level

You can find the Rate Level field in the Create or Edit Plan or Program pages. You can also find this field in the quick create pages and integrated workbooks. Once you associate a rate level to the program or plan-not-in-program and save it, you can no longer change the rate level.

## Rates at LDG Level

If you define your rates at the LDG level, the benefits offerings that span across all legal entities in that LDG use the rate that you defined. For instance, if you want to use a global rate structure for a program, you define the rate structure at the LDG level.

## Rates at Legal Entity level

You create rates at legal entity level if they must apply for a particular legal entity. By default, the rate level is set to Legal entity when you create a program or plan.

## Other Considerations

You cannot mix and match rates created at different levels. For instance, in programs or plans whose rate level is set to LDG, you can include rates defined at that level only. The application prevents administrators from inadvertently

including rates with different rate levels in a program, such as in the regular create or edit plan pages, quick create, and plan copy.

You can define rates at both LDG and legal entity levels for a flex shell plan or imputed shell plan. However, when you associate the plan with a program, the rates must exist at the same level.

# Rate Display Configuration Options

Control the display and visibility of a rate value on the enrollment pages by configuring the display options.

You configure the following display aspects of a rate:

- Display type, defined during rate setup
- Visibility and display name configuration for self-service enrollment

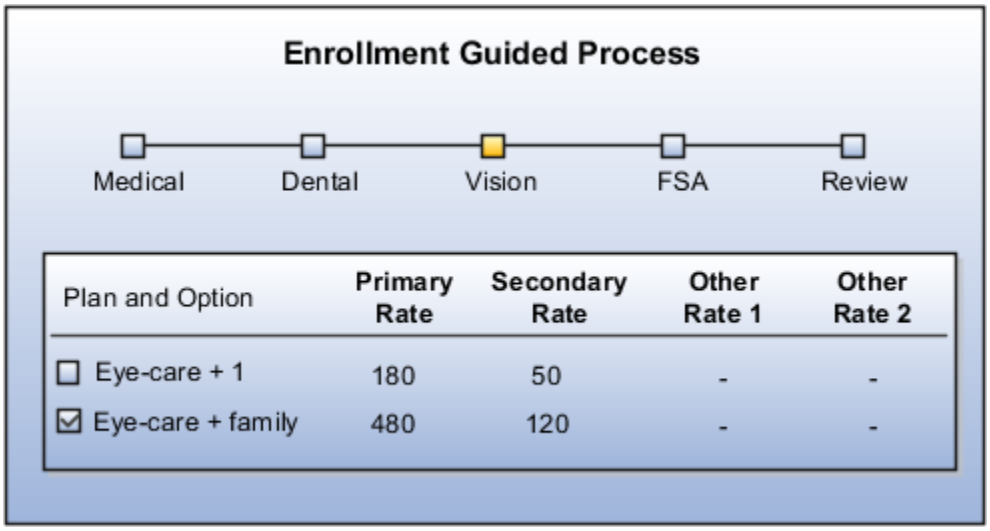
## Display Type

The rate display type indicates where the rate value should appear during enrollment. On the Create or Edit Rate page, select one of the display types in the following table:

| Rate Display Type | Where The Rate Appears |
|---|---|
| Primary | Appears in the Primary Rate column during enrollment. Enables rate entry. Typically the employee rate. |
| Secondary | Appears in the Secondary rate column during enrollment, but does not enable rate entry. Typically the employer rate. |
| Others | On the self-service pages, this rate type appears in one of these columns:<br>• Other 1<br>• Other 2<br>Examples include pretax and after-tax.<br>In the Enrollment work area, this rate type appears in the Details window when you make an enrollment. |

## Default Display

Self-service enrollment pages display a maximum of four rate types for each plan and option. The following figure shows the default display sequence of Primary, Secondary, Other 1, and Other 2 rate types on self-service enrollment pages.




## Rate Visibility and Display for Self-Service Enrollment

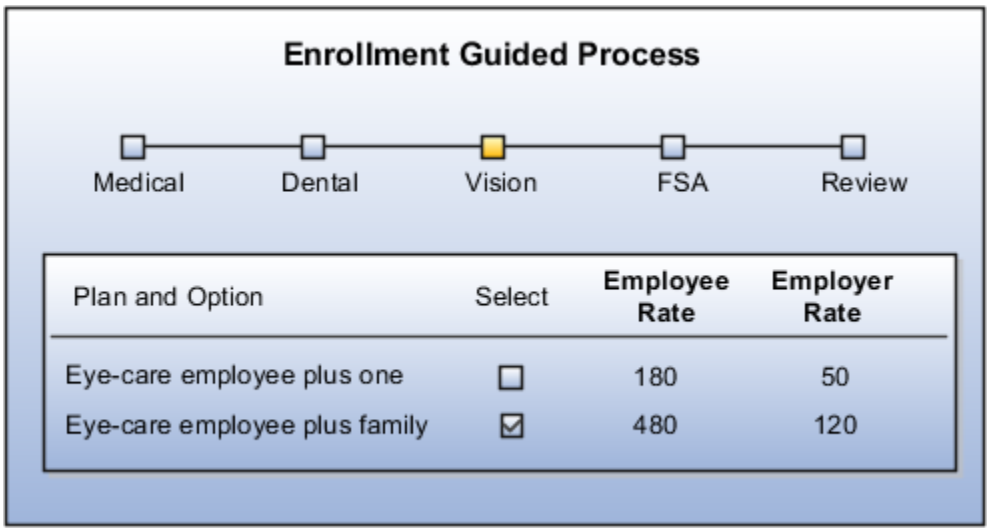
Use the Configure Plan Type Grouping Display page to:

- Show or hide rate types in each plan grouping step on the self-service pages. You can't hide the primary rate type.
- Rename the rate types in each step on the self-service pages.

Revising column names, such as changing Other to Pretax or After-Tax, doesn't affect taxation.

## Vision Rates Example

For example, you rename the primary and secondary rate types on the vision plan enrollment step to Employee Rate and Employer Rate. You also hide the other rates. This figure shows the resulting configuration on the self-service pages, with only the employee and employer rates visible for each vision plan and option.



# Partial Month Determination Rule Options

The partial month determination rule calculates the contribution or distribution amount when a participant's enrollment coverage date falls within a month.

You can choose from the following options:

- All
- None
- Prorate value
- Formula
- Wash formula

## All

The rule calculates the amount as if the participant were enrolled for the entire month.

## None

The rule calculates the amount as if the participant wasn't enrolled at all for the entire month.

## Prorate Value

The rule prorates the standard contribution or distribution based on the percentage of the month that the participant was enrolled.

If you select this option, click **Add** in the Proration Details section to define proration details, including:

- Percentage
- Rounding rule or formula for rounding the calculated prorate value
- Prorate period
- Which months the proration details apply to: for example, months with 28 days, 29 days, and so on.
- Proration formula, if applicable
- Start and stop coverage rule, if applicable

You can define more than one set of proration details if, for example, the details differ depending on the number of days in a month.

## Formula

The rule uses your formula to calculate the rate. Select the formula to use. You must define the formula using the **Manage Fast Formulas** task in the Setup and Maintenance work area before you can select it here.

## Wash Formula

The rule applies a wash formula to the rate to determine whether or not participants receive a contribution or distribution.

- Enter the day of the month (1-31) to use as the wash rule day.
- Participants don't receive a contribution or distribution if either is true:
    - Their start date occurs after the wash rule day
    - Their end date occurs before the wash rule day

# Value Passed to Payroll Options

In the Value Passed to Payroll field on the create or edit Rates page, select the amount that you want to pass to a participant's payroll element entry on enrollment.

You can select one of the following amounts:

- Communicated
- Defined
- Estimated per-pay-period
- Per-pay-period
- Annual

## Communicated amount

The amount communicated to participants as their expected contribution or distribution.

## Defined amount

The amount that you defined for the rate, which may be different from the amount communicated to the participant.

## Estimated per-pay-period amount

An estimate based on a fixed number of pay periods.

Example:

- A biweekly payroll might occasionally have 25 or 27 pay periods in a calendar year, depending on the setup.
- Likewise, a weekly payroll might have 51 or 53 periods.

When you select this option, the calculation uses the usual number of pay periods, which are 26 for biweekly or 52 for weekly.

## Per-pay-period-amount

The actual per-pay-period amount based on defined calculations.

- If you don't select a value, the calculation uses the per-pay-period amount.
- You can prorate only per-pay-period amounts.

## Annual amount

The defined amount annualized.

## Rate Periodization Formula

When you use a rate periodization formula as part of the rate processing, select one of the following as your value to pass to payroll:

- Annual amount
- Defined amount
- Communicated amount

*Related Topics*

- Benefits Rate Frequencies

# Benefits Rate Frequencies

Specify the rate communicated to participants during enrollment by configuring frequency settings in basic details of the program or plan not in program. Configure the standard rate with the payroll deduction amount. Use the Plan Configuration work area tasks.

Your configuration determines whether the communicated amount in the self-service enrollment pages and Enrollment work area is the same as the payroll amount.

## Program or Plan Frequency Settings That Affect Rates

Select a value for each of the following frequencies when you configure the basic details for a program or plan not in program.

- **Defined Rate Frequency**: Time basis specified for the activity rate calculation.

  Possible selections are Annually, Biweekly, Monthly, Hourly, Quarterly, Semiannually, Semimonthly, or Weekly.
- **Communicated Rate Frequency**: Time basis used to calculate the rate displayed on the self-service enrollment pages and in enrollment results in the Enrollment work area.

  Possible selections are Estimated per pay period, Per month, Per pay period, Per pay period with element frequency rules, or Per year.

  The following table defines the pay period values.

| Frequency Value | Description |
|---|---|
| Per pay period | Use the number of pay end dates derived from the payroll definition.<br><br>Example: A weekly payroll might result in 53 end dates in the calendar year. |
| Estimated per pay period | Use the standard number of periods corresponding to the period type value selected in the payroll definition, regardless of the number of pay end dates in the calendar year.<br><br>Example: Communicated rate calculations use the fixed number of 52 weekly periods, even for years with the nonstandard 53 weekly periods. |
| Per pay period with element frequency rules | Use the frequency rules of the payroll element associated with the standard rate to determine the number of deductions in the calendar year.<br><br>Example: One of your benefit deductions occurs only on the first biweekly payroll in each month.<br><br>If you use this communicated rate frequency, select **Per-pay-period amount** as the value passed to payroll. |

If you select one of the pay period choices, you must define a corresponding payroll and assign it to the relevant participants. Use the tasks in the Basic Payroll functional area in the Setup and Maintenance work area.

## Standard Rate Frequency Settings That Affect Rates

Select a value for each of the following optional attributes when you configure rate details and payroll information for the standard rate.

| Optional Rate Attributes | Description |
|---|---|
| **Element Input Value** | Used to transfer the benefit rate to payroll through the element entry.<br><br>Before you can select an element input value, you must first select a payroll element for the standard rate. |
| **Value Passed to Payroll** | Amount that the application passes to the element entry.<br><br>Possible selections are Annual amount, Communicated amount, Defined amount, Estimated per-pay-period amount, or Per-pay-period amount. Leave this field blank if you do not use element entries.<br><br>For communicated amount and payroll deduction amounts to be the same, you must coordinate the settings for the communicated rate frequency and the value passed to payroll. |
| **Rate Periodization Formula** | You can change the annual, defined, and communicated rate calculations for any activity rate. To do so:<br><br>1. Create a fast formula using the Rate Periodization formula type. |

| Optional Rate Attributes | Description |
|---|---|
| | 2. Select the formula on the Processing Information tab of the standard rate. |

## How Communicated Rate is Calculated

The following table identifies the possible communicated rate values, the calculation used to determine the amount, an example amount, and the example calculation.

The examples represent a family medical plan and use the following values:

- Standard rate: 4,000 USD
- Defined rate frequency: Quarterly
- Payroll period type: Biweekly
- Element frequency rules for this deduction: First pay period in the month only

| Communicated Rate Frequency | Calculation Used to Derive Communicated Amount | Example Communicated Amount (USD) | Example Calculation Expression |
|---|---|---|---|
| Per year | Standard rate x Number of times defined rate frequency occurs in 1 year | 16,000 | 4,000 x 4 |
| Per month | Annual amount / Number of times communicated rate frequency occurs in 1 year | 1,333.3333 | 16,000 / 12 |
| Per pay period | Annual amount / Actual number of pay periods in 1 year based on payroll frequency<br><br>Actual number example: Depending on the year, 52 or 53 for weekly and 26 or 27 for biweekly | One of these two amounts, depending on the year:<br>• 615.3846<br>• 592.5926 | • Annual amount / 26 pay periods<br>• Annual amount / 27 pay periods |
| Estimated per-pay-period | Annual amount / Standard number of pay periods in 1 year based on payroll frequency<br><br>Standard number examples: 52 for weekly, 26 for biweekly, and 24 for semimonthly | 615.3846 | 16,000 / 26 |
| Per-pay-period with element frequency rules | Annual amount / Number of times deduction is taken in 1 year | 1,333.3333 | 16,000 / 12 |

## How Value Passed to Payroll is Calculated

The following table identifies the possible values to pass to payroll, the calculation used to determine the amount, an example amount, and the example calculation.

The examples represent a family medical plan and use the following values:

- Standard rate: 4,000 USD
- Defined rate frequency: Quarterly
- Communicated rate frequency: Per month
- Payroll: period:
  - Period type: Biweekly
  - Alternative for illustration purposes: Element frequency rule of first pay period in a month.
  - Reminder: Different years have a different number of biweekly payrolls.

| Value Passed to Payroll | Calculation Used to Derive Amount | Example Value Passed to Payroll Amount (USD) | Example Calculation Expression |
|---|---|---|---|
| Left blank | None | Not applicable | Not applicable |
| Defined amount | Standard rate at the specified defined rate frequency | 4,000 (per quarter) | None |
| Annual amount | Standard rate x Number of times defined rate frequency occurs in 1 year | 16,000 | 4,000 x 4 |
| Communicated amount | Annual amount / Number of times communicated rate frequency occurs in 1 year | 1,333.3333 | 16,000 / 12 |
| Estimated per-pay-period amount | Annual amount / Standard number of pay periods in 1 year based on payroll frequency<br><br>Standard number examples: 52 for weekly, 26 for biweekly, and 24 for semimonthly | 615.3846 | 16,000 / 26 |
| Per-pay-period amount | Annual amount / Actual number of pay periods in 1 year based on payroll frequency<br><br>Actual number example: Depending on the year, 52 or 53 for weekly and 26 or 27 for biweekly<br><br>If using element frequency rules: Annual amount / Number of times deduction is taken in 1 year | One of these two amounts, depending on the year:<br>• 615.3846<br>• 592.5926<br>If element has frequency rule of first pay period per month:<br>• 1,333.3333 | • 1,600 / 26 pay periods<br>• 1.600 / 27 pay periods<br>• 16,000 / 12 |

The communicated rate frequency is not coordinated with the value passed to payroll in the preceding examples, which focus on the calculation of each amount.

*Related Topics*

- How can I calculate benefit rates per paycheck instead of per pay period?
- How You Avoid Rounding Discrepancies in Communicated Rates
- Define Elements, Balances, and Formulas
- How Defined Rate Frequency Works with Communicated Rate Frequency

# Manage Deduction Reference for Voluntary Deductions

Deduction Reference maintains voluntary deduction balances for each reference number provided.

The deduction reference is a mandatory input value that gets created under specific conditions for voluntary deductions element. This number must be entered to maintain the balances.

When an employee is enrolled into a benefits plan, an element entry is created. When there is a subsequent life event and enrollments, it end-dates the previous element entry and creates a new entry. If you want to use voluntary deductions with plan name as the deduction reference, you need to write a fast formula of type Extra Input to pass the plan name to the deduction reference input value. Then, you need to attach this fast formula to your plan. By using this fast formula, the balances will be re-initiated.

1. Create a fast formula using Extra Input as the formula type.

```
FORMULA TYPE : Extra Input
DESCRIPTION : Formula to pass the plan name to the rate element's input value.

DEFAULT FOR BEN_PLN_NAME is 'PLAN NAME'
L_SHORT_NAME = BEN_PLN_NAME
Return L_SHORT_NAME
```

2. Select the formula name in the Extra Input Formula field and associate the formula return variable name to Deduction Reference input value on the Extra Inputs tab of the Edit Rates page in the Plan Configuration Work Area.

*Related Topics*

- Overview of Writing Formulas
- Overview of Benefits Formulas
- How You Define Voluntary and Pre-statutory Deductions
- Create Elements for Pension Deductions
- Overview of Deduction Reference

# How You Manage Benefits Standard Rates Using HDL or HSDL

You can use the HCM Data Loader (HDL) or HCM Spreadsheet Data Loader (HSDL) to manage Benefits standard rates with these objects:

- Benefits standard rate
- Extra input values
- Variable rate profile association

HDL supports all calculation methods. Only flat amounts and multiple of coverage methods are supported for HSDL. The HSDL templates support only create and update methods. The delete method is not supported by the out-of-the-box delivered HSDL template.

Using the HDL or HSDL, you can:

- Create standard rates starting from a specified date.
- Update the values of an existing standard rate from a specified effective date.
- Correct the values of an existing standard rate.
- End date a standard rate for date-effective objects. (HDL only,)
- Delete an existing standard rate. (HDL only.)

Click **Navigator** > **My Client Groups** > **Data Exchange** > **Import and Load Data** to use this HDL or HSDL loader.

| Supported Operations | Business Objects and User Keys |
|---|---|
| Update and delete | Benefits Standard Rate(DE) – (BenefitStandardRate) : Name (Rate Name) |
| Update and delete | • Extra Input Values –(ExtraInputValues)<br>o Name(Rate Name)<br>o Input Value Name or Value Definition Base Name<br>- ReturnVarName |
| Update and delete | • Variable Rate Profile Association(DE) –(VrpAssociation)<br>o Name (Rate Name)<br>o Variable Rate Profile Name |

*Related Topics*

- Download the Seeded HSDL Spreadsheets

# How You Manage Benefits Variable Rates Using HDL or HSDL

You can use the HCM Data Loader (HDL) or HCM Spreadsheet Data Loader (HSDL) to manage variable rate profiles.

Using the HDL or HSDL, you can:

- Create variable rate profiles starting from a specified date.
- Update the values of an existing variable rate profile from a specified effective date.
- Correct the values of existing variable rate profiles.
- End date an existing variable rate profile. (HDL only)
- Delete an existing variable rate profile. (HDL only)

HDL supports all calculation methods. Only flat amounts and multiple of coverage methods are supported for HSDL. The HSDL templates support only create and update methods. The delete method is not supported by the out-of-the-box delivered HSDL template. The HSDL templates for Flat Amount, and Multiple of Coverage, are delivered out-of-the-box.

Click **Navigator** > **My Client Groups** > **Data Exchange** > **Import and Load Data** to use this HDL or HSDL loader.

# Examples of Rate Start Date for Flexible Spending Account Plans

This topic provides examples for these rules that you typically use to determine the rate start date for flexible spending account plan (FSA) enrollments.

Here are the rules:

- First of pay period preceding first check on or after event
- First of pay period preceding first check on or after elections
- Pay period start, before first check, on or after cover start

These date rules are available in the Rate Start Date list in the Enrollment step when you create a benefit plan.

When you select a date rule, consider the enrollment rules of your enterprise. For example, if your enterprise has a waiting period before enrolling new hires in an FSA plan, you might want the rate to start on a date no earlier than the coverage start date. You do this so that the rate element is included in the first pay period of the first check date.

The examples in this topic assume that you want to configure an FSA plan for workers on biweekly payrolls.

## First of Pay Period Preceding First Check on or After Event

Example: When the worker makes the required elections for FSA, you want the FSA rate to start on the first day of the pay period that precedes the first check date. The date can be on or after the event date.

A worker makes elections on November 14. The first check date after the event date is on November 28. If you use this date rule, the rate starts November 10.

### First of Pay Period Preceding First Check on or After Elections

Example: When the worker makes the required elections for FSA, you want the FSA rate to start on the first day of the pay period that precedes the check date on or after the election date. The worker can make elections throughout the month.

A worker makes elections on November 24. The first check date after the elections is December 12. If you use this date rule, the rate starts November 16.

### Pay Period Start, Before First Check, on or After Cover Start

Example: Your enterprise enforces a waiting period of 30 days for enrolling new hires into the FSA plan. You want the FSA rate to start on the first day of the pay period that precedes the date of the first pay check on or after the enrollment start date.

You hire a worker on November 1. The worker makes elections on November 12. In this case, the enrollment start date is December 1. The first check date after the enrollment date is December 18. If you use this date rule, the rate starts November 30.

## How You Avoid Rounding Discrepancies in Communicated Rates

This topic covers how to avoid rounding the first element entry, and therefore the communicated rate, when it's different from the remaining element entries.

For example, the rate is 592.592592 and you want the first rate to take the offset so that the subsequent rates round evenly. To avoid rounding the first element entry, use either of the following methods.

### Using a Rate Periodization Formula

Follow these steps:

1. Create a fast formula of the Rate Periodization type using the **Manage Fast Formulas** task in the Setup and Maintenance work area.
2. Select the formula on the Processing Information tab of the standard rate in the Plan Configuration work area.

### Using Value Passed to Payroll

Set **Value Passed to Payroll** on the standard rate to either **Annual amount**, **Communicated amount**, or **Defined amount** in the Plan Configuration work area. If you select **Estimated per-pay-period amount** or **Per-pay-period amount**, the first element entry is rounded.

# Create Imputed Rates

Imputed income refers to certain forms of indirect compensation that US Internal Revenue Service Section 79 defines as fringe benefits. The IRS taxes the recipient accordingly.

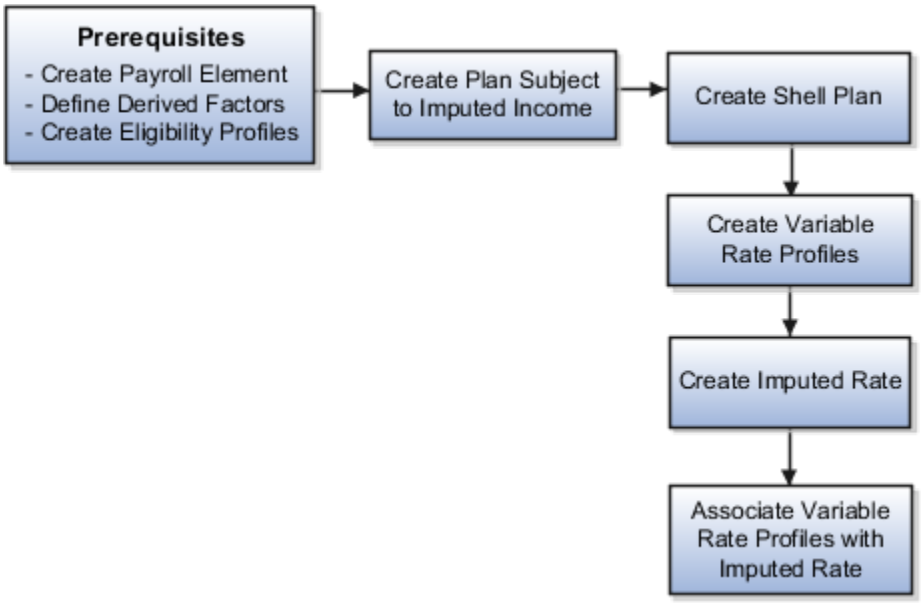
Examples include:

- Employer payment of group term life insurance premiums over a certain monetary amount
- Personal use of a company car
- Other noncash awards

If a plan is subject to imputed income:

- You must create an imputed rate, in addition to the standard rates for the plan.
- You must create a shell plan to record the imputed income calculation.
- Typically, you associate variable rate profiles with the imputed rate, because imputed income taxes vary based on a person's age.

The following figure illustrates the general steps to create imputed rates:




## Prerequisites

Perform the following tasks before you create an imputed rate.

- Use the Manage Elements task in the Setup and Maintenance work area to define the payroll element for the rate.
- Define derived factors for each age band (or any other factors) where the rate varies, such as ages 20-25, 26-30, and so on. Use the Manage Derived Factors task in the Plan Configuration work area.
- Define an eligibility profile for each age band and attach the appropriate derived factors. Use the Manage Eligibility Profiles task in the Plan Configuration work area.

- Define any other objects required by the specific rate, such as formulas. To define formulas, use the Manage Fast Formulas task in the Setup and Maintenance work area.

## Creating the Imputed Income Plan

Create the benefit plan that is subject to imputed income using the Manage Benefit Plan Details task in the Plan Configuration work area. Set the **Subject To Imputed Income** field to the appropriate person type for this rate, such as participant, spouse, or dependent.

## Creating the Shell Plan

Create another plan to hold the results of the imputed income calculation with the following settings. Again, use the Manage Benefit Plan Details task in the Plan Configuration work area.

| Field | Value |
|---|---|
| Plan Type | **Imputed Shell** |
| Plan Function | **Imputed Shell** |
| Imputed Income Calculation | The person type that is subject to the imputed income:<br>• Participant<br>• Spouse<br>• Dependent |

The imputed income calculation assumes that the employer pays 100 percent of the benefit, and doesn't subtract employee contributions from the calculation.

## Creating the Variable Rate Profiles

Create variable rate profiles for each variable rate with the following settings. Use the Manage Benefit Rates task in the Plan Configuration work area.

- Set the activity type to **Imputed Benefit**.
- Select the appropriate eligibility profile for the age band.
- Set the calculation method to **Flat Amount**.
- Enter the rate amount.
- Provide additional information as applicable for the rate.

## Creating the Imputed Rate

Create the imputed rate with the following settings. Again, use the Manage Benefit Rates task in the Plan Configuration work area

1. On the Standard Rates tab **Create** menu, select **Create Imputed Rate**.
2. In the **Imputed Shell Plan** field, select the shell plan you created earlier.
3. Provide additional rate information as applicable.

## Associating the Variable Rate Profiles with the Imputed Rate

Select and add the variable rate profiles to the imputed rate.

*Related Topics*

- Create a Benefit Variable Rate

# Waiting Period for Imputed Income Calculations

You can configure the application to determine when you want the imputed rate for participants to reflect imputed income calculations.

This especially applies when you have imputed plans whose coverage starts after a waiting period.

However, you need to process an extra life event on the day the coverage starts so that the correct rates are sent to payroll. Future-dated benefits coverages are not included in the imputed rate calculation.

For example, an employee joins your organization on Aug 1, 2022 and enrolls into the Basic Life insurance plan. You have configured a waiting period of 60 days on this plan. So the coverage starts on Oct 1, 2022 and the employee shouldn't be paying for this imputed income before that date. To make this configuration work, you do these steps:

1. Process the new hire life event on Aug 1, 2022.
2. On Oct 1, 2022, the day when the coverage starts after the waiting period, you need to process another life event that recalculates the imputed income. This ensures that the correct imputed income value is sent to payroll.

*Related Topics*

- Guidelines for Using Waiting Periods in Imputed Income Calculation
- Rules to Determine When to Calculate Imputed Income Coverage Amount

# Rules to Determine When to Calculate Imputed Income Coverage Amount

Before evaluating the life event, you need to specify when to calculate the coverage amount of the imputed income.

If you specify when to calculate the coverage amount, only the coverages that are active as of the evaluated date are considered for imputed income calculation.

In the General tab of the Edit Plan Enrollment page, configure these values:

- **Imputed Income Calculation Date**: This list shows the rules to determine when to calculate the coverage amount of the imputed income. It shows these values:
  - Event
  - First of Next Month

    - Formula

- **Imputed Income Calculation Date Formula:** If you have special requirements to calculate the imputed income calculation date, you can select a formula that you created from this list. You can configure this list only if you have selected **Formula** as the rule in the Imputed Income Calculation Date list. The formula uses the same formula type of Rate Start Date.

*Related Topics*

- Waiting Period for Imputed Income Calculations
- Guidelines for Using Waiting Periods in Imputed Income Calculation

# Guidelines for Using Waiting Periods in Imputed Income Calculation

You need to know the guidelines for using waiting periods in imputed income calculation.

**Tips and Considerations:**

- Participants need to be eligible for enrolling in the imputed shell plan. Electable choices need to exist when you process the relevant life event.
- The imputed income calculation date is determined once, when you process the life event. If you change the setup, for example, choose a different calculation date, you need to reprocess the life event.
- There may be cases where you attach the imputed shell plan to a program, but have additional programs or plans-not-in-program. For the imputed income calculation to work accurately, every other life event you process must have electability into the primary program that contains the imputed shell plan.
- You use the imputed income calculation date only to identify when to consider the appropriate active coverage amount to calculate the imputed rate. The actual calculation of an imputed rate remains the same and follows legislative restrictions.
- When you save an enrollment into an imputed plan, the imputed income is calculated based on how you configured the Imputed Income Calculation Date field. If you haven't configured this field, the process calculates as before; all valid coverage amounts subject to imputed income are calculated, either current or future dated, and whose coverage end date is 31-Dec-4712.
- When you process a life event, the imputed income rate is calculated for automatic and default enrollments for all events. These events include life event definitions that we delivered, event definitions that you created, unrestricted events, and scheduled events.

*Related Topics*

- Waiting Period for Imputed Income Calculations
- Rules to Determine When to Calculate Imputed Income Coverage Amount

# Manage Standard Benefit Rates in the Integrated Workbook

You can generate the integrated Microsoft Excel workbook in which you can manage standard benefit rates. Then, upload your changes into the application database. The workbook enables you to create, edit, delete, and end-date rates. You can find the workbook on the Manage Benefit Rates page in the Plan Configuration work area.

You perform these basic steps to manage benefit rates using the workbook:

1. Generate and populate the workbook.
2. Create, edit, delete, or end-date the standard rates. For example, you can edit rates to reflect annual changes in contribution.
3. Upload the workbook.
4. Resolve errors if required.

Repeat these steps as many times as required to accommodate revisions.

## Generating and Populating the Workbook

You can select a value from the Range of Rows list to display the search result for the selected range.

1. On the Manage Benefit Rates page, click **Prepare in Workbook** to generate the workbook.
2. In the search section at the top of the workbook, you must select a calculation formula. This acts as a filter for the records that the download process adds as rows in the Search Results section after you click **Search**.
3. Select a plan name. You can use wildcard searches to pull rates for multiple plans together. For example, you can use Medical% to pull all plan names that start with the term Medical.
4. Use the other fields to further filter your search result records. To search for the rates that have the **Participants enter value at enrollment** check box selected during rate creation, you need to set the **Participants enter value during enrollment** field as **Yes**. You use this field only when you select the Calculation Formula as **Flat Amount** in the spreadsheet.

   The search results include a column named **Copy Calculation Method Fields to all Rates** only when you specify Legal Employer or Legislative Data Group in the search criteria. You need to set the value of this to **Y** to copy the calculation methods of a rate to the rates of other legal entities of the same benefit object.

   Some of the cells in the spreadsheet are purposefully locked. You shouldn't unprotect the spreadsheet and load values in such cells. The application doesn't save such values.

## Managing Standard Rates

After you generate and populate the workbook, to add a rate, insert a blank row after the last populated row, and enter data. When you edit a rate, make sure you enter data only in the search results fields with a white background. The upload process ignores edits in search results fields with a nonwhite background. Edit the following objects in the Plan Configuration work area, rather than in the workbook:

- Variable rate profiles
- Variable formulas
- Extra inputs

- Partial month determination
- Annual rates

## Uploading the Workbook

After you complete your edits, click **Upload** to load into the application database those rows marked as **Changed**. The process:

1. End dates the original benefit rate record

   It sets the effective end date to the day before the effective as-of date that you used as part of your download filter.
2. Adds a new benefit rate record with your edits

   The effective start date is the same as your effective as-of date and the effective end date is the original effective end date.
3. Moves changed rows to the bottom of the workbook.

To validate the changes, return to the Manage Benefit Rates page, Standard Rates tab and search for the changed or newly added rate.

## Resolving Errors

The upload process automatically updates the **Status** field in each workbook row. If there are errors that require review, the process:

1. Rolls back the change in the application database
2. Sets the workbook row status to **Upload Failed**
3. Continues to the next workbook row

To view and resolve an error:

1. Double-click **Update Failed** in the **Status** field.
2. Fix any data issues in the workbook.
3. Upload the latest changes.

*Related Topics*

- What's the difference between Export to Excel and desktop integration for Excel?
- Guidelines for Using Desktop Integrated Excel Workbooks
- Set Up Desktop Integration for Excel

# Choose Additional Costing Choices Using Fast Formula

You can distribute costs under different assignments by using a fast formula to define the distribution across assignments.

Administrators and other benefits professionals can record costs of benefits towards the correct financial departments. This improves accuracy of financial reporting and shows the real expenditure of a department or organization.

You need to do these steps when you create or edit a standard rate to use a fast formula to define the distribution across assignments:

1. In the Plan Configuration work area, Overview page, click the **Rates and Coverages** tab.
2. On the Standard Rates subtab Create menu, select **Create Standard Rate**.
3. Select **Distribution Formula** from the dropdown list named **Costing Method** in the Processing Information tab on the Additional Information section.
4. Select the fast formula from the dropdown list named **Distribution Formula**.

*Related Topics*

- Sample Cost-Distribution Formula

# Sample Cost-Distribution Formula

You can use a fast formula to distribute costs under different assignments. The costing distribution will be done based on the formula return values.

Here's a sample fast formula for your reference.

***Formula Details***

| Formula Type | Formula Contexts | Return Variables |
|---|---|---|
| Benefits Rate Distribution | • HR_RELATIONSHIP_ID<br>• HR_TERM_ID<br>• ENTERPRISE_ID<br>• ELEMENT_TYPE_ID<br>• PAYROLL_RELATIONSHIP_ID<br>• PAYROLL_TERM_ID<br>• LEGAL_EMPLOYER_ID<br>• DATE_EARNED<br>• HR_ASSIGNMENT_ID<br>• BUSINESS_GROUP_ID<br>• PERSON_ID<br>• JOB_ID<br>• EFFECTIVE_DATE<br>• PAYROLL_ASSIGNMENT_ID<br>• PAYROLL_ID<br>• LEGISLATIVE_DATA_GROUP_ID<br>• LER_ID<br>• OPT_ID<br>• ORGANIZATION_ID<br>• ELIG_PER_ELCTBL_CHC_ID | Here are some points to consider:<br>• The return variable names must follow this format:<br>l_asg1, l_val1.....l_asg10, l_val10<br>Example: l_asg1,l_val1,l_asg2,l_val2,l_asg3, l_val3<br>• As in the sample formula, the return variables need to follow this convention:<br>return l_asg1,l_val1,l_asg2,l_val2,l_asg3,l_ val3<br>• The maximum number of assignments for allocation is 10. So, there can be up to 10 pairs. The above example has 3 pairs.<br>• The return variable l_valx indicates the distribution percentage of the costs across assignments. The percentage value must be between 0 and 100 and the sum of the values must be 100. Also, the value can't have more than 2 decimal places.<br>• The assignment_ids should belong to the person being processed and also to the same payroll relationship.<br>• If the value for the assignment_id is 0, the formula ignores the assignment_id and value set. |

| Formula Type | Formula Contexts | Return Variables |
|---|---|---|
| | • ACTY_BASE_RT_ID<br>• BNFTS_BAL_ID<br>• PGM_ID<br>• PL_ID<br>• PL_TYP_ID<br>• BENEFIT_RELATION_ID<br>• PER_IN_LER_ID | • A missing set is not allowed. For example, l_asg1,l_val1,l_asg3,l_val3. Here, the set l_asg2,l_val2 is missing. |

Here's a sample distribution formula to store percentage values for each person assignment in a user-defined table, and to use it for costing distribution.

***User-Defined Table***

| Assignment | PERSON_ID | VALUE(Percentage) |
|---|---|---|
| Assignment_1 | Person_id_1 | 50 |
| Assignment_2 | Person_id_1 | 30 |
| Assignment_3 | Person_id_1 | 20 |
| Assignment_4 | Person_id_2 | 50 |
| Assignment_5 | Person_id_2 | 50 |

**Sample Formula:**

```
DEFAULT_DATA_VALUE for PER_HIST_ASG_ASSIGNMENT_ID is 0
l_asg1=0
l_val1=0
l_asg2=0
l_val2=0
l_asg3=0
l_val3=0
i=1
j=1
l_effective_date = GET_CONTEXT(EFFECTIVE_DATE,to_date('1951/01/01 00:00:00'))
CHANGE_CONTEXTS(LEGISLATIVE_DATA_GROUP_ID = 202)

WHILE(PER_HIST_ASG_ASSIGNMENT_ID.EXISTS(i)) LOOP(
 if ((PER_HIST_ASG_ASSIGNMENT_TYPE[i]='E' or PER_HIST_ASG_ASSIGNMENT_TYPE[i]='N') and ((l_effective_date >
 PER_HIST_ASG_EFFECTIVE_START_DATE[i]) and (l_effective_date <PER_HIST_ASG_EFFECTIVE_END_DATE[i]))) then (
 l_person_id = to_number(GET_TABLE_VALUE
 ('DHQA_ASG_COSTING_DISTRIBUTION','PERSON_ID',to_char(PER_HIST_ASG_ASSIGNMENT_ID[i]),'-999'))
 if (l_person_id = GET_CONTEXT(PERSON_ID,-9999)) then (
 if(j=1) then(
 l_asg1= PER_HIST_ASG_ASSIGNMENT_ID[i]
 l_val1 = to_number(GET_TABLE_VALUE
 ('DHQA_ASG_COSTING_DISTRIBUTION','VALUE',to_char(PER_HIST_ASG_ASSIGNMENT_ID[i]))))
 if (j=2) then (
```

```
 l_asg2 = PER_HIST_ASG_ASSIGNMENT_ID[i]l_val2 = to_number(GET_TABLE_VALUE
 ('DHQA_ASG_COSTING_DISTRIBUTION','VALUE',to_char(PER_HIST_ASG_ASSIGNMENT_ID[i])))
 if (j=3) then (
 l_asg3 =PER_HIST_ASG_ASSIGNMENT_ID[i]l_val3 = to_number(GET_TABLE_VALUE
 ('DHQA_ASG_COSTING_DISTRIBUTION','VALUE',to_char(PER_HIST_ASG_ASSIGNMENT_ID[i])))
 j=j+1
 )
 )
i=i+1
)

return l_asg1,l_val1,l_asg2,l_val2,l_asg3,l_val3
```

*Related Topics*

- Choose Additional Costing Choices Using Fast Formula

# FAQs for Rates

## How can I configure a rate to apply across all legal entities in an LDG?

Select Legislative Data Group from the Rate level field when you create a plan or program in the Plan Configuration work area. The field is available on the plan and program pages as well as quick create and spreadsheet loaders.

*Related Topics*

- Benefits Rate Level Options

## How can I calculate benefit rates per paycheck instead of per pay period?

In the Communicated Rate Frequency field, select Estimated per pay period on the program basic details page. In the Value Passed to Payroll field, select Estimated per-pay-period amount on the standard rates page.

Scenario: Your payroll processes either weekly or biweekly, so some years you have 52 or 26 payroll runs and others you have 53 or 27. Regardless of the number of payroll runs, you always issue 52 or 26 paychecks per year. Also, you want to calculate the rate communicated to participants per those 52 or 26 paychecks.

## What's the difference between limiters and ultimate limiters?

Limiters establish the minimum and maximum variable rate or coverage amount before it's added to, subtracted from, or multiplied by the standard rate or coverage.

Ultimate limiters establish the minimum and maximum variable rate or coverage amount after it's added to, subtracted from, or multiplied by the standard rate amount. For example, the ultimate high limit value sets the absolute maximum rate amount when you select the **Add to** treatment rule. This rule adds the variable rate calculated result to the standard rate calculation.

## Can I edit multiple standard benefit rates at one time?

Yes. Use the Edit Rates in Workbook button of the Manage Standard Rates task to generate the workbook. With this workbook you can edit existing rates, not add new ones.

1. Generate the integrated Microsoft Excel workbook in which you download standard benefit rates that match your search criteria
2. Use the integrated workbook to edit those rates, for example, to reflect annual changes in contribution.
3. Upload your changes back into the application database.

## How can I use existing rates for additional legal employers?

Other than these steps, you can also elect to copy the variable rates associated with the standard rate, as well as their child objects like variable rate profiles.

Follow these steps:

1. Click **Manage Standard Rates** in the Tasks panel drawer of the Plan Configuration work area.
2. On the Standard Rates tab, search for the rate that you want to use for additional legal employers.
3. On the Search Results toolbar, click the **Duplicate** button for the rate.
4. Select and add the legal employers to which you want to copy the standard rate.

## What happens if I select a 1 prior rule for previous rate or coverage end?

Previous rate and coverage end rules that start with the phrase 1 prior terminate the rate or coverage period one day before the subsequent period starts.

For example, the previous coverage ends on the last day of the current month if the previous coverage end is 1 prior or quarter end and coverage start is First of next month.

If you don't specify a coverage start, or no next rate or coverage starts, then the second part of the rule goes into effect. In this case, the previous coverage would terminate at the end of the quarter. For example, the existing rate or coverage stops at the end of the quarter if a job termination life event with no associated rate start or coverage start occurs.

# How can I configure costing for a benefits rate at all tiers?

Use the Costing Method list on the Create Standard Rates page, Additional Information section, Processing Information tab. Select Primary assignment 100% if you want to cost 100 percent of the rate of a benefit plan to the participant's primary assignment in payroll.

You might not want to use the costing option if you haven't set up cost accounts for employees or you only use payroll to generate element entries, but not process them further. If you don't want to use this costing option, the cost at the employment level is still set at the payroll relationship level.

# How can I view costing distribution details of a benefit rate?

Open the participant's Enrollment Results page in the Enrollment work area. You can find the distribution details in the General tab, Rates section, Details window. You can also view the element entry values for a participant rate.

# How can I define processing information for a rate?

You define processing details in the Additional Information section when you create or edit a rate.

From the **Processing Source** list, select an application, such as Payroll, that should process the contribution deduction or distribution payment. You can select the check box to process the rate in each pay period by default.

In the **Recurrence** list, specify the frequency of participant contribution to this benefit. If you have other special requirements to consider, you can create a formula and select it in the Rate Periodization Formula list.

# How can I provide extra inputs to the rate's element?

If you have configured the rate to use elements, you typically pass the rate's amount to the element's input value. But you can pass other values too.

For example, you can pass the plan name, to the rate element's input value, depending on your requirement. You do this from the Extra Inputs tab in the Additional Information section when you create or edit a rate.

Assuming that you have already created an instance of the Extra Inputs formula type, you select the formula's return variable and then select the element's input value to make the mapping. You can even choose to update the input value only when the enrollment ends.

# How can I change the effective start date of a benefit rate or coverage?

You can change the date to start in the past. You need to enter a date that's before the current effective start date of the rate or coverage.

If the date is valid, the change reflects in all of the linked variable rates and variable coverage profiles.

Here's how you can change the effective start date of a standard rate or coverage:

1. On the Home Page, click **Benefits Administration** > **Plan Configuration**.
2. On the Overview page, select the Rates and Coverages tab.
3. Select the Standard Rates or Coverages subtab.
4. Search for and select the rate or coverage that you want to update.
5. On the Actions menu, select **Change Effective Start Date**.
6. Change the date and click **Save**.
7. Click **Save and Close** to return to the Overview page.

*Related Topics*

# 2 Variable Rate Profile Creation

## Variable Rates Options

Vary standard rates with variable rate profiles that specify eligibility criteria, calculation method, and how the calculation affects the associated standard rate.

This topic discusses:

- Standard rate
- Variable rate profiles
- Multiple eligibility criteria
- Exclusion from the variable rate
- Treatment rule
- Variable formula

### Standard Rate

If a rate doesn't vary based on any factors, define the rate on the standard rate page. For example, if a dental plan rate is a flat amount of 8.00 per month regardless of age or other factors, use a standard rate.

To vary the standard rate, attach variable rate profiles to it.

### Variable Rate Profiles

Rates may vary based on certain factors, such as age, smoking status, and compensation amount. You can create a variable rate profile for each rate amount. You can only attach one eligibility profile to a variable rate profile.

Example: If a life insurance plan costs more for a smoker than a nonsmoker, you:

1. Create two eligibility profiles, one for smokers and another for nonsmokers.
2. Create two variable rate profiles and associate each with the corresponding eligibility profile.
3. Specify the rate calculation for each variable rate profile.

### Multiple Eligibility Criteria

If a rate varies based on multiple factors, such as age and smoking status, use the same logic to create variable rate profiles and associated eligibility profiles for each set of factors affecting the rate.

This table shows an example of combining two criteria, age and smoking status.

| Age | Smoking Status |
|---|---|
| less than 25 | nonsmoker |
| less than 25 | smoker |

| Age | Smoking Status |
|---|---|
| 26 to 40 | nonsmoker |
| 26 to 40 | smoker |

Create the variable profiles first and then add them to the standard rate.

## Exclusion From the Variable Rate

You can use the **Exclude** check box on the eligibility profile to exclude persons who meet the criteria from receiving the variable rate. Excluded persons receive the standard rate. For example, using Smoker as the criteria, exclude smokers from a nonsmoker discount on the standard rate.

Don't mix include and exclude criteria in a single eligibility profile.

## Treatment Rule

The treatment rule specifies how the variable profile calculation acts upon the standard rate calculation. Select from these ways to treat the standard rate:

- Multiply by
- Add to
- Subtract from
- Replace

## Variable Formulas

To base a variable rate on a complex calculation, you can:

1. Define one or more fast formulas to compute the rate.
2. Associate the formulas with the standard rate.

You can associate either variable rate profiles or variable formulas to a standard rate; you can't associate both.

*Related Topics*

- Rate Calculation Methods
- Create a Benefit Variable Rate

# Ways to Create Benefit Variable Rates

You can create and edit variable rates using many methods.

Here's the list of methods:

- Create variable rate profiles and attach them to a standard rate.
- Create variable formulas and attach them to a standard rate.

- Use an integrated workbook to create and attach variable rate profiles.
- Copy variable rates when you duplicate the associated standard rates for additional legal employers.

## Creating and Attaching Variable Rate Profiles

To create variable rates, you first create variable rate profiles and then associate them with standard rates using the **Manage Benefit Rates** task.

You can create variable rate profiles based on:

- Flat amounts
- Calculation methods, such as multiple of coverage or compensation and coverage
- Fast formula created with Calculate for Enrollment formula type.

You must also specify:

- A treatment rule to add to, multiple by, replace, or subtract from the standard rate associated with the profile
- An eligibility profile that identifies who is or is not eligible for the variable rate

## Creating and Attaching Variable Formulas

Follow these steps:

1. To base a variable rate on a complex calculation: Define one or more fast formulas to compute the rate, using the **Rate Value Calculation** formula type. Use the **Manage Fast Formulas** task in the Setup and Maintenance work area.
2. Associate the formulas with the standard rate in the Variable Rates section, Variable Formulas tab.

## Creating Variable Rates in the Integrated Workbook

You can use the integrated workbook on the Variable Rate Profiles page to:

- Create and upload multiple variable rate profiles at one time.
- Associate variable rate profiles with existing standard rates and upload the changes.

You must upload new variable rate profiles to the application database before you can associate them with standard rates in the workbook.

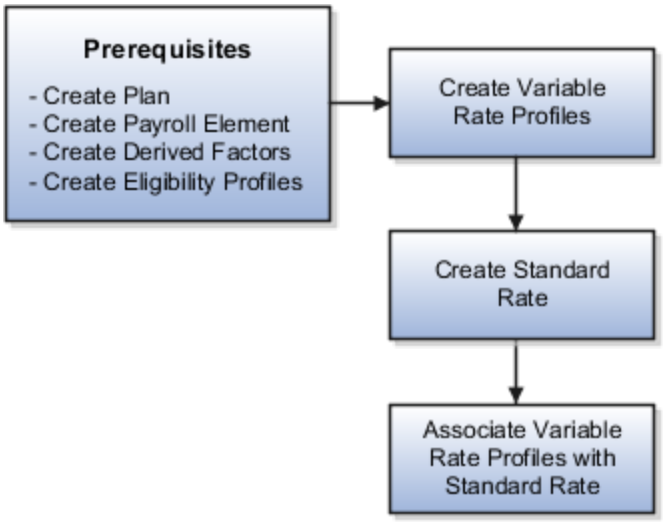
*Related Topics*

- Ways to Create Benefit Rates
- Overview of Rates and Coverages
- Variable Rates Options
- Manage Variable Benefit Rates in the Integrated Workbook
- Create a Benefit Variable Rate

# Create a Benefit Variable Rate

This example demonstrates how to create a benefit rate for an employee payroll contribution to a life insurance plan. The rate varies depending on the participant's age, so it's associated with multiple variable rate profiles.

The following diagram shows the Plan Configuration work area tasks to complete in this example:




Follow these general steps to create variable coverage:

1. Create variable coverage profiles.
2. Create a base coverage.
3. Associate variable coverage profiles with the base coverage.

## Prerequisites

1. Create the life insurance plan to which the rate applies.
2. Define a payroll element and input value to associate with the rate.
3. Create derived factors for the age bands associated with each variable rate, such as:
    - Age_20-29
    - Age_30-39
    - Age_40-49
    - Age_50-59
    - Age_60-69
    - Age_70-greater
4. Create the following eligibility profiles and associate each with the appropriate derived factor.
    - Life_Age_20-29
    - Life_Age_30-39
    - Life_Age_40-49

- Life_Age_50-59
- Life_Age_60-69
- Life_Age_70-greater

## Creating Variable Rate Profiles

Use default values for fields unless the steps specify other values.

1. Click the **Manage Benefit Rates** task.
2. On the Variable Rate Profiles tab, click **Create**.
3. Complete the fields, as shown in this table.

| Field | Value |
|---|---|
| **Profile Name** | Life_Age_20-29 |
| **Tax Type Rule** | After Tax |
| **Activity Type** | Employee Payroll Contribution |
| **Treatment Rule** | Replace |
| **Defined Rate Frequency** | Biweekly |
| **Eligibility Profile** | Select the eligibility profile for this age band. |
| **Status** | Active |
| **Calculation Method** | Flat Amount |
| **Value** | 4.00 |

4. Click **Save and Close** to return to the Variable Rate Profiles tab.
5. Repeat steps 2 - 4 to create five additional variable rate profiles, one for each age band. Use the values in the previous table for all fields except **Profile Name** and **Value**.

| Profile Name | Value |
|---|---|
| Life_Age_30-39 | 6.00 |
| Life_Age_40-49 | 8.00 |

| Profile Name | Value |
|---|---|
| | |
| Life_Age_50-59 | 10.00 |
| Life_Age_60-69 | 15.00 |
| Life_Age_70-greater | 22.00 |

## Creating a Standard Rate

Use default values for fields unless the steps specify other values.

1. Select the **Rates and Coverages** tab.
2. On the Standard Rates subtab Create menu, select **Create Standard Rate**.
3. Complete the fields, as shown in this table.

| Field | Value |
|---|---|
| **Rate Name** | Life Rate |
| **Legal Employer** | Select your legal employer. |
| **Plan** | Select the life insurance plan you created for this rate |
| **Activity Type** | Employee payroll contribution |
| **Tax Type Code** | After Tax |
| **Payroll Element** | Select the payroll element associated with this rate |
| **Element Input Value** | Select the input value for this rate |
| **Calculation Method** | No standard values used |

## Associating the Variable Rate Profiles to the Standard Rate

1. In the Variable Rates section of the standard rate page, click **Select and Add** on the Variable Profile Name subtab toolbar.

2. Enter a sequence number and select the first of the six variable profiles you created earlier.
3. Click **OK** to return to the Variable Rate Profile Name subtab.
4. Repeat steps 1 and 2 to add the other five variable profiles to this rate.
5. Click **Save and Close** to return to the Rates and Coverages tab.

*Related Topics*

- Rate Calculation Methods
- Variable Rates Options
- Derived Factors
- Eligibility Profiles

# Manage Variable Benefit Rates in the Integrated Workbook

You can create and upload variable rates by defining variable rate profiles and associating them with standard rates using the integrated Microsoft Excel workbook.

The basic process for managing variable rates using the workbook is:

1. Generate the workbook.
2. Create and edit variable rate profiles.
3. Upload edits.
4. Add variable rate profiles to standard rates.
5. Upload edits.
6. Resolve errors.

Repeat these steps as many times as required.

## Prerequisites

Before you upload new or edited variable rate profiles, confirm that the following already exist in the application database:

- Any associated benefit eligibility profiles, plans, and options
- Any referenced compensation user-defined factors where **Calculation Method** is set to **Multiple of compensation**
- Any referenced fast formulas associated with variable rate profiles where **Calculation Method** is set to **Calculate for enrollment formula**

## Generating the Workbook

In the Plan Configuration work area:

1. In the Tasks panel drawer, click **Manage Benefit Rates** to open the Manage Benefit Rates page.
2. On the Search Results section toolbar of the Variable Rate Profiles tab, click **Prepare in Workbook**.

# Creating and Editing Variable Rate Profiles and Adding them to Standard Rates

Use the two worksheets in the workbook to:

- Create and edit your variable rate profiles in the variable rate profiles worksheet.
- Associate existing and newly uploaded variable rate profiles with standard rates in the standard Rates worksheet.

On both worksheets:

1. Select a calculation method. The calculation method for all rows must match the calculation method for the workbook, which you selected in the Search section. Mismatches result in errors when you upload your data.
2. Optionally, enter an effective as-of date. The download process uses the date as a constraint when downloading either the variable rate profiles or the standard rates. The upload process uses it to set the effective date for the new and edited profiles and edited standard rates. If you leave this field blank, the upload process sets the current date, also known as the system date, as the effective date.
3. Search for either the variable rate profiles or standard rates that match your criteria. The Search button and other integrated workbook buttons, such as Upload, Delete, and End-Date are available in the Upload Variable Rate Profiles tab.
4. Depending on the worksheet, either:
    - Create and edit the profiles, as required.
    - Associate the profiles with the relevant standard rates.
5. Upload your edits to the application database.

The variable rate profiles must already exist in the application database before you can associate them with standard rates in the workbook. Upload any new or edited variable rate profiles and associate them with standard rates.

Some of the cells in the spreadsheet are purposefully locked. You shouldn’t unprotect the spreadsheet and load values in such cells. The application doesn't save such values.

**Note:** You must associate future-dated profiles with standard rates in the application; you can't do it in the workbook.

# Uploading Edits

After you complete your edits for one of the worksheets, in the Upload Variable Rate Profiles tab, click **Upload** to load into the application tables those rows that are marked as **Changed**.

Randomly test that the upload worked as you expected by searching for one or more of the following in the application:

- New or edited variable rate profiles
- Standard rates with which you associated a variable rate profile

The upload process updates the worksheet **Status** field only if the server or database becomes inaccessible during upload.

# Resolving Errors

The upload process automatically updates the **Status** field in each workbook row. If there are errors that require review, the process:

1. Rolls back the change in the application database
2. Sets the workbook row status to **Upload Failed**
3. Continues to the next workbook row

To view and resolve an error:

1. Double-click **Update Failed** in the **Status** field.
2. Fix any data issues in the workbook.
3. Upload the latest changes.

*Related Topics*

- Set Up Desktop Integration for Excel
- What's the difference between Export to Excel and desktop integration for Excel?
- Guidelines for Using Desktop Integrated Excel Workbooks

# 3 Benefit Coverages

## Overview of Rates and Coverages

Benefits administrators and managers create and manage benefit rates and coverages using the tasks in the Plan Configuration work area.

Here's the list of tasks:

- Manage Benefit Rates
- Manage Benefit Plan Coverage

This topic covers key benefit terms related to rates and coverage:

- Rates
- Coverage
- Calculation methods
- Variable rates and coverage
- Final calculation

### Rates

Rates determine costs for purchasing benefit coverage, such as life or health insurance. Rates usually determine an amount of monetary contributions paid by:

- The employee
- The employer
- A combination of both

Rates can also determine amounts distributed from the employer to the employee, such as for tuition reimbursement.

### Coverage

Coverage defines monetary amounts available to enrolled participants in the event of a claim, such as for medical expenses.

### Calculation Methods

You can calculate standard rates and coverage using a variety of delivered calculation methods, such as flat amount or multiple of coverage. Or, you can create a calculation formula.

### Variable Rates and Coverage

To vary a rate or coverage by criteria, you can associate variable rate or coverage profiles that adjust or replace the standard rate or coverage calculation.

Example: You can adjust a rate based on criteria such as location, length of service, and participant's age.

## Final Calculation

To derive the final calculation of the rate or coverage, you can apply limits and rounding rules.

# How Coverages Are Calculated

Calculate coverages by applying a calculation method to values you define and values that participants enter during enrollment.

## Settings That Affect Coverage Calculations

The following determination rules are available for computing coverages:

| Calculation Method | Description |
|---|---|
| Flat amount | Flat amount is predefined or entered during enrollment. |
| Flat range | Flat amount must be within a predefined range.<br><br>Any change in the coverage value of insurance plans is treated as a change in coverage. For example, if you have coverage of $100000 and if it changes to $500000, it will be treated as new coverage. Although, it's the same plan-option that you may enroll in. |
| Flat amount plus multiple of compensation | Calculates coverage as flat amount plus multiple of compensation . |
| Flat amount plus multiple of compensation range | Calculates coverage as flat amount plus multiple of compensation within a predefined range. |
| Multiple of compensation | Calculates coverage as multiple of compensation. |
| Multiple of compensation plus flat range | Calculates coverage as multiple of compensation plus flat amount that's within a predefined range. |
| Multiple of compensation range | Multiple of compensation must be within a predefined range. |
| No standard value used | Uses coverage defined in variable coverage profiles. |
| Same as annualized elected activity rate | Uses annualized elected activity rate for coverage amount. |
| Post enrollment calculation formula | Calculates coverage based on election information entered during enrollment using a formula you define. |

The calculation method you select works with other settings to compute the final coverage.

| Condition | Related Configuration |
|---|---|
| Calculation methods using multiples | Specify the operation, such as simple multiplication, percentage, per hundred, and per thousand. |
| Calculations based on compensation | Specify the compensation derived factor that defines the basis for the compensation calculation. |
| Rounding | Select a rounding rule. |
| Limits | Define high and low limits. |
| If you enable participant entry during enrollment | You can set valid ranges and default values. The default values are used if you recalculate coverages and no user entry is available. |
| Variable coverage | Attach variable coverage profiles to the base coverage. |

## How Coverages Are Calculated

The calculation method and other settings defined for a coverage determine when and how it's calculated.

For example, the coverage may be calculated prior to enrollment, upon enrollment, or after enrollment has been completed.

## Example: Multiple of Compensation

| Inputs to Calculation | Calculated Rate | Calculation Details |
|---|---|---|
| **Multiplier**: 2<br><br>**Operator**: Multiply by<br><br>**Compensation Amount**: 25,000 (value derived by applying a **Compensation Factor** of **Annual Salary**) | 50,000 | 2 * 25,000 |

## Example: Multiple of Compensation Range

| Inputs to Calculation | Calculated Coverage | Calculation Details |
|---|---|---|
| **Minimum**: 2<br><br>**Maximum**: 6<br><br>**Increment Amount**: 2<br><br>**Default Value**: 4<br><br>**Operator**: Multiply by | 100,000 (using default) | 4 * 25,000 |

| Inputs to Calculation | Calculated Coverage | Calculation Details |
|---|---|---|
| **Compensation Amount**: 25,000 (value derived by applying a **Compensation Factor** of **Annual Salary**) | | |

## Example: Flat Amount Plus Multiple of Compensation

| Inputs to Calculation | Calculated Coverage | Calculation Details |
|---|---|---|
| **Flat Amount**: 50,000<br>**Multiplier**: 2<br>**Operator**: Multiply by<br>**Compensation Amount**: 25,000 (value derived by applying a **Compensation Factor** of **Annual Salary**) | 100,000 | 50,000 + (2 *25,000) |

## Example: Flat Amount Plus Multiple of Compensation Range

| Inputs to Calculation | Calculated Coverage | Calculation Details |
|---|---|---|
| **Flat Amount**: 50,000<br>**Minimum**: 2<br>**Maximum**: 6<br>**Increment Amount**: 2<br>**Default Value**: 4<br>**Operator**: Multiply by<br>**Compensation Amount**: 25,000 (value derived by applying a **Compensation Factor** of **Annual Salary**) | 150,000 (using default) | 50,000 + (4 *25,000) |

## Example: Multiple of Compensation Plus Flat Range

| Inputs to Calculation | Calculated Coverage | Calculation Details |
|---|---|---|
| **Minimum**: 30,000<br>**Maximum**: 50,000<br>**Default Value**: 40,000<br>**Increment Amount**: 10,000 | 140,000 (using default) | 40,000 + (2 *50,000) |

| Inputs to Calculation | Calculated Coverage | Calculation Details |
|---|---|---|
| **Multiplier**: 2<br><br>**Operator**: Multiply by<br><br>**Compensation Amount**: 50,000 (value derived by applying a **Compensation Factor** of **Annual Salary**) | | |

*Related Topics*

- Variable Rates Options
- Rate Calculation Methods
- How can I limit spouse and dependent insurance coverage to a percentage of participant's coverage?
- Create a Benefit Variable Rate

# Example of Limiting Coverage Across Plan Types

You can limit the total amount of coverage that a participant can elect across plan types within a program. Use the Manage Coverage Across Plan Types task in the Plan Configuration work area.

## Scenario

This table shows the maximum life insurance coverage for two plan types within a program.

| Plan Type | Maximum Coverage (USD) |
|---|---|
| Supplemental Life Insurance | Two times earnings up to 200,000 |
| Term Life Insurance | 120,000 |
| Combined Total | 320,000 |

To limit the combined maximum coverage to just 300,000:

1. Name the coverage limit and list the program and plan types.
2. Enter the maximum coverage amount of 300,000. You can also enter a minimum coverage amount.

The maximum coverage limit across plan types must not be less than the lowest maximum coverage of any plan in the plan types. In this example, the maximum coverage limit must not be less than 120,000 USD.

# FAQs for Coverages

## How can I limit spouse and dependent insurance coverage to a percentage of participant's coverage?

You can use the enrollment step in the program configuration process to limit the spouse and dependent insurance coverage.

Here's how you do it:

1. On the enrollment step in the program configuration process, select the program level row of the hierarchy.
2. On the General tab, enter a percentage in each of these fields:
    - Spouse Insurance Coverage Maximum
    - Dependents Insurance Coverage Maximum
3. On the enrollment step, select the appropriate insurance plan type row in the program hierarchy and scroll to the plan type further details below.
4. In the enrollment section of the General tab, select both of these check boxes:
    - Subject to dependent's insurance coverage maximum percentage
    - Subject to spouse's insurance coverage maximum percentage

## What happens if I select a 1 prior rule for previous rate or coverage end?

Previous rate and coverage end rules that start with the phrase 1 prior terminate the rate or coverage period one day before the subsequent period starts.

For example, the previous coverage ends on the last day of the current month if the previous coverage end is 1 prior or quarter end and coverage start is First of next month.

If you don't specify a coverage start, or no next rate or coverage starts, then the second part of the rule goes into effect. In this case, the previous coverage would terminate at the end of the quarter. For example, the existing rate or coverage stops at the end of the quarter if a job termination life event with no associated rate start or coverage start occurs.

## What's the difference between limiters and ultimate limiters?

Limiters establish the minimum and maximum variable rate or coverage amount before it's added to, subtracted from, or multiplied by the standard rate or coverage.

Ultimate limiters establish the minimum and maximum variable rate or coverage amount after it's added to, subtracted from, or multiplied by the standard rate amount. For example, the ultimate high limit value sets the absolute maximum

rate amount when you select the **Add to** treatment rule. This rule adds the variable rate calculated result to the standard rate calculation.