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## MEMORANDUM

**TO:** Non-SPMS HR Directors, HR Personnel, Benefits Personnel  
**FROM:** Anne Timmons, Director, Employee Benefits Division  
**DATE:** February 22, 2018 - **Updated March 14, 2018**  
**RE:** Statewide Personnel System (SPS) – Benefits Best Practices

As you know, we are entering the final stages of the transition to the new SPS benefits system. The Benefits Administration System (BAS) ceases to be the system of record on January 1, 2019. At that time, nearly all benefits events will be triggered by HR transactions – making it more important than ever for all agencies to be sure that their internal processes align with system timing and functions to ensure employee benefits are not negatively impacted.

To that end, now is the time to adopt and adhere to certain best practices that will ensure your employees have appropriate access to their benefits. **Failure to do so will directly impact benefits for your employees.** Please share this email with all HR and benefits staff in your various locations and facilities and **be sure to make any necessary changes in your current practices to meet these standards.** It is imperative that **every level of your HR and benefits operation adheres to the best practices that are outlined below.**

We are requiring that each HR Director sign the last page of this document acknowledging receipt of these best practices and signifying an understanding that failing to implement these best practices will result in benefits errors and coverage disruptions for your employees and their dependents.

### ***Best Practice #1 – Eliminate backdating of new hires***

Ideally, new hires should be processed prior to their start date, but in no event should a new hire be entered into your HR system after the employee's first day of work. Agencies should ensure that new employees are processed in your HR system as soon as an offer is accepted. This will allow your HR staff a full opportunity to review and correct any issues that might otherwise interfere with an employee's benefits.

### ***Best Practice #2 – Be aware of employee start dates***

Effective January 1, 2018, benefits for new hires are effective the first of the month following date of hire. (e.g., date of hire Feb 5, coverage is effective Mar 1). Employees have from 60 days before to 60 days after **the event date** (not **effective date**) to elect benefits. Regardless of the date the employee enrolls (even if it's April 30<sup>th</sup>) coverage always will be the date that is the first of the month following the date of hire. The only exception to this is if the hire date is on the first of the month. In that case,

coverage is effective on the date of hire (e.g., date of hire is Mar 1, effective date is Mar 1). Having the new employee in your HR system no later than the actual date of hire will ensure that benefits enrollment notifications will be timely. New employees wishing to fill the gap of coverage between State employment and prior employment should be encouraged to elect COBRA from their previous employer.

***Best Practice #3 – Timeliness of transactions***

HR transactions should be processed timely to be forwarded to DBM through the shell record process. At no time should transactions older than 60 days be included on the bi-weekly files from your agency (e.g., a termination should be processed no later than the employee's last day on payroll). Any action that is beyond 60 days will error out and will cause significant delays or interruption in benefits for the employee. Additionally, we recommend that benefits related HR actions be processed immediately or prior to the effective date of the action to ensure timely benefit events and coverage. Likewise, timely indications of unpaid leaves of absence are required to ensure benefits are not erroneously terminated. In larger organizations that have challenges due to the distance between HR staff and agency staff, we have been advised that some agencies have instituted dedicated phone lines or email addresses to receive information about terminations and leaves of absence. It is our understanding that this has improved the ability to timely notify the main HR office of these events.

***Best Practice #4 – Ensure that supervisors and managers are timely notifying HR of employee events***

There are many events that must be timely reported to HR, including: if an employee is out for three or more days or has an upcoming surgery or birth, supervisors/managers should be contacting HR as soon as this information is made available; if an employee is going to be in a "without pay" status for any reason, the supervisor/manager should contact HR so that options for paying the employee or placing the employee in a protected status (such as designating the leave as eligible for the protections of the Family and Medical Leave Act may be explored); and if the employee is placed on a disciplinary suspension or is directed to forfeit leave as a result of a disciplinary action, HR should be notified immediately so that the event is timely processed and it is less likely that an employee's benefits will be disrupted. Manager resource materials containing the "when" and "who" to contact may be useful to help with this issue.

***Best Practice #5 – Ensure that HR data is accurate and not missing or incomplete***

HR data drives benefits events. Missing, inaccurate or incomplete data directly impacts an employee's eligibility for benefits and can even affect how much the employee has to pay for those benefits. Contract numbers, as well as start and end dates, are critical to ensuring benefits eligibility. Check distribution codes, FTE percentages, leave dates and SPS IDs must be accurate. Additionally, capturing employee data such as home address, work and home telephone numbers, email addresses, and work location should be part of the HR process when completing the event. Failure to ensure that all of this critical information is present and correct will have a direct and deleterious effect on benefits administration.

If you have any questions concerning this memorandum, feel free to contact me directly at 410-767-4710 or via email at [anne.timmons@maryland.gov](mailto:anne.timmons@maryland.gov). Thank you in advance for your cooperation.

cc: Agency Heads  
Cynthia A. Kollner, Executive Director, Office of Personnel Services and Benefits (OPSB),  
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