

Process for Terminating an Employee with an Arrears Balance

In 2024, there were some changes to the process for collecting outstanding arrears balances from employees. The following is an explanation of the situation this process covers and the steps to follow in order to clean up the situation.

Situation: An employee is out or has recently been out on leave without pay. While the employee is without a paycheck, the insurance premiums can not be pulled from their paycheck. The Workday Arrears System tracks the premiums owed while the employee is out. Normally, when the employee returns to work, the arrears system will begin to pull extra insurance deductions out of their paycheck to cover the missed premiums. If the employee ends up terminating employment before coming back or soon after they return, the system will not get a chance to recoup all the premiums owed. Any unpaid premiums that can't be pulled from a final payout check, will need collected upon the employee's termination.

Process:

1. The employee has been out on FMLA, WC or unpaid leave and terminates. (LWOP over 30 days would have gone out on COBRA, but they still may owe from earlier in their leave.)
2. The employee still has an arrears balance owed for the employee share of insurance premiums. (The state shares would have already been automatically pulled from the employee's department by Workday.)
3. If the amount owed by the employee is not recovered through a final check or payout from Payroll, the department will bill their employee for the outstanding premium amounts.
4. The employee submits a check or money order to their department's HRA to cover the funds owed.
5. The HRA fills out the form: [Department Reimbursement for Terminated Employee Arrears Premiums](#), attaches it to the employee's payment and submits it to the accountant / cashier for the employee's department.
6. The department's accountant will deposit the funds into the appropriate State Share accounts for the various insurance premiums the employee still owes according to the form.
7. Approximately two pay periods after the employee's termination from the State, the amount still due, which the department collected and deposited, will be pulled from the department's account through the Workday system. It will be deposited into the state insurance accounts by DAS in order to pay the insurance carrier.
8. DAS-HRE will then clear the debt from the Workday system.

*Payment plans can be offered at the discretion of the employee's department. (Payment plans are no longer run by DAS since the money is owed to the department not to the DAS insurance fund.)

Just be aware that the debt may be pulled from the department's accounts for payment before the department has fully collected the funds to reimburse themselves.

For more specific information on the HRAs process please see the [Workday Job Aid](#)

Form: [Department Reimbursement for Terminated Employee Arrears Premiums](#).