

# Human Resources Administrative Procedures

# LONG-TERM DISABILITY INSURANCE CLAIM PROCEDURES FOR DEPARTMENTS

Long-term disability (LTD) insurance provides income during periods of medical disability. To qualify for any of the benefits described in this handout, employees must be covered under the LTD insurance plan. You may find it helpful to review the *Benefits and You* handout entitled *Long-Term Disability Claim Procedures for Employees* 

## **OVERVIEW OF CLAIM PROCESS**

Below is a quick overview of the claims process. Each step is explained in more detail in the subsequent paragraphs.

- Department notifies OSU Benefits of employee who needs to file for LTD.
- Department routes copy of position questionnaire, and notification of the type(s) of leave the employee is on to OSU Benefits, 106 Whitehurst.
- Employee initiates the claim and brings completed forms to OSU Benefits along with a copy of his/her birth certificate.
- OSU Benefits reviews the claim; sends the claim information to American Fidelity and Voya Financial if basic eligibility criteria is met.
- OSU Benefits notifies department to place the employee on LTD leave of absence, by creating an Employment Action (EA) form, for six months following last day of work which must end the assignment at the end of the six months.
- Department ensures that appropriate pay occurs during the six month LTD leave of absence period.
- At the end of the six month leave, OSU Benefits completes the EA form based upon the status of the employee and notifies the department.
- When OSU disability benefits end, OSU Benefits completes the EA form to separate or retire.

### **CLAIMS DETAIL PROCESS**

**Employee Initiates the Claim:** OSU Benefits will provide the employee with an LTD packet and instructions on completing the claim form. Upon completion, the employee will return the forms to OSU Benefits. OSU Benefits will review the claim documentation for completeness and forward the claim forms to American Fidelity and Voya as appropriate.

**Complete EA Form:** OSU Benefits will notify the department to complete an EA form placing the employee on LTD leave of absence for six months following the last day worked, upon receipt and qualifying review of the claim form from the employee. If the last day worked was January 5, the leave would run from January 6 through July 5. An end date must be entered on the EA for the LTD leave of absence assignment to avoid overpayment. The LTD leave of absence will cover the six months required by the insurance as the elimination period before LTD insurance benefits begin. Departments no longer have to calculate when sick and annual leave will run out—you simply fill in the dates representing the leave of absence, then process pay as indicated below. When completing the EA form, please note the reason for leave is long-term disability application has been submitted.

If you have not yet determined if the employee is eligible for the Family Medical Leave Act (FMLA), you will need to do so and work with your HR partner to notify the employee accordingly. If you fail to notify the employee that he/she is on FMLA leave, you may have to offer it at a later date and extend benefits and time off.

**Pay During the Six-Month LTD Leave of Absence:** The employee may receive LTD elimination pay at the same rate as their LTD election (50%, 60%, or 70%) after all sick leave, compensatory time, and annual leave have been exhausted.

During this six-month leave, you will continue to input hours to ensure pay for the biweekly paid employee. Enter hours of the appropriate leave (sick, compensatory, then annual including holiday hours when applicable) on biweekly paid employees until all accrued leave is exhausted. Then enter "administrative leave" for the disability supplement pay (50%, 60%, or 70%) during the remainder of the six-month leave. If the employee is enrolled at 50%, 20 hours per week is paid. For a 60% election, 24 hours per week is paid. For a 70% election, 28 hours per week is paid. If you do not know the employee's election, call OSU Benefits for assistance. If the employee works less than 1.00 FTE, you should multiply the FTE times the number of hours indicated above.

If a monthly-paid employee, the appropriate leave (sick, compensatory, then annual including holiday hours when applicable) is confirmed each month until all leave has been exhausted. A leave without pay adjustment is entered online to reduce actual pay to the appropriate 50%, 60%, or 70% level depending on the employee's LTD enrollment. For a complete month, this would reduce hours of pay from 173.33 to 86.67 or a leave without pay adjustment of 86.66 hours (50% level); from 173.33 to 104.00 hours or a leave without pay adjustment of 69.33 hours (60% level); from 173.33 to 121.33 or a leave without pay adjustment of 52.00 hours (70% level). If the employee works less than 1.00 FTE, you should multiply FTE times the number of hours indicated above.

Failure to enter the appropriate leave without pay adjustment each month will result in overpayment—it is very important for departments to monitor the pay during this six-month period. Overpayments are the responsibility of the department and the department must contact and secure collection from the employee.

You will need to monitor leave balances so the employee does not default into non-pay status as accrued leave is used. The exact date on which this will occur will differ in accordance with the leave accrual schedule for the classification and length of service of the employee. Leave ceases to accrue once paid leave is exhausted.

**End of Six-Month Leave:** If the claim is approved, OSU Benefits will prepare the EA form to place the employee on LTD. The department will be notified when this form is complete. If an employee had more accrued leave than needed during the six months, any compensatory time or annual leave remaining would be paid according to Policy 3-0713. If the employee received disability supplement pay during the six month leave, there should be no remaining leave at the end of the six months.

If the claim is denied, the employee must return to work with medical release or request a personal leave without pay. If the claim has not been approved or denied by the end of the six month leave period, the employee must request a personal leave without pay while claim consideration continues. A new EA form should be created to confirm the leave with/without pay. If it is leave without pay, benefits will bill at the full premium to the OSU Bursar.

**Termination of Long-Term Disability Benefits:** If the employee is able to return to work, the employee may return to work within the first six months of absence in the same or an equal position. You should require a physician's release before allowing the employee to return. If the employee is able to return to work after more than six months, he/she would apply for employment on the same basis as any other applicant.

American Fidelity will require medical documentation from time-to-time to ensure that the employee continues to be disabled. Disability benefits will eventually end, and in most cases, this occurs at age 65. When disability benefits end, or after 2 years of LTD benefits from AFA, OSU Benefits will complete an EA form to retire or separate the employee.

**Return to Work:** Subject to the availability of funds, the employee's position will be held for six months from the last day of work. If an employee is able to return to work, they need to provide a physician's release.

#### COORDINATION OF OTHER BENEFITS

**Health, Dental, Vision Insurance:** Employees may be eligible to continue health, dental, and vision insurance. OSU continues to pay a portion of the health insurance premium on the employee up to the amount paid for active employees (employee only coverage) for the first two years an employee is receiving LTD benefits. The employee will be billed through the Bursar's office for any voluntary or dependent premiums that he/she must pay. If payments are not made for all premiums for which the employee is responsible, coverage will be canceled, including OSU-paid employee benefits. If the employee wishes to cancel coverage, it must be done within 30 days of a qualifying event, such as the qualification for disability benefits. Benefits will end at the end of the two year LTD benefit period.

**Life Insurance:** Life premiums for the employee for both Basic and Voluntary Supplemental coverage are waived if the employee is under 60 years of age and the claim is approved by Voya Financial. The waiver is effective the first of the month following the last day worked prior to disability. If the employee is carrying Voluntary Supplemental Life on spouse or children, the employee will need to explore possibilities for continuation of the coverage with Voya.

**Retirement Benefits:** If the disabled employee is eligible for OSU-paid retirement benefits at the onset of disability, then the disability insurance program will pay into a TIAA-CREF account on his/her behalf during disability status so that the employee's financial future will be more secure when LTD benefits end.

**Assistance:** Call OSU Benefits, (405) 744-5449, for more information about LTD benefits.

This information was developed by OSU Human Resources for the convenience of OSU departments. It is a brief interpretation of more detailed and complex materials. If further clarification is needed, the actual law, policy and contracts should be consulted as the authoritative source.