



## Human Resources

### Administrative Procedures

## LONG-TERM DISABILITY INSURANCE CLAIM PROCEDURES FOR DEPARTMENTS

Long-term disability (LTD) insurance provides that income will continue 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* before proceeding.

### OVERVIEW OF CLAIM PROCESS

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

- Employee initiates the claim and brings a completed American Fidelity Assurance (AFA) Attending Physician's Statement and Employee's Disability Application as well as an ING Employee Benefits Attending Physician's Statement of Disability and the Waiver of Premium Disability Claim to the department along with a copy of his/her birth certificate.
- Department reviews the medical information and completes the *Employer's Report of Claim* form in the claims packet.
- Department places the employee on LTD leave of absence for six months following last day of work.
- Department routes the original claim documents, birth certificate, copy of position questionnaire, and leave form to Employee Services, 106 Whitehurst.
- Employee Services reviews the claim; sends the claim information to American Fidelity and ING Employee Benefits and processes the leave form.
- Department ensures that appropriate pay occurs during the six-month LTD leave of absence period.
- At the end of the six-month leave, Employee Services completes the appropriate form based upon the status of the employee and sends a copy to the department.
- When disability insurance benefits end (usually at age 65), Employee Services completes the appropriate separation/retirement form and sends a copy to the department.

### CLAIMS DETAIL PROCESS

**Employee Initiates the Claim:** The employee will provide you with the claim documents, which should include a completed AFA *Attending Physician's Statement* and *Employee's Disability Application* with a blank *Employer's Report of Claim*. ING Employee Benefits require an Attending Physician's Statement of Disability and a Waiver of Premium Disability Claim to apply for the premium waiver while disabled. The employee's birth certificate should also be attached. Please note that employees may file an LTD claim up to a year after the onset of a disability. It is not unusual for a separated employee to file an LTD claim. If this is the case, contact Employee Services for assistance. Special handling may be required to determine appropriate benefits.

**Review Medical Documentation and Complete the Employer's Report of Claim:** Analyze the medical documentation from a "reasonableness" perspective to determine that the employee will be unable to work for more than six months. In the case of a claim for mental/nervous disability, the medical documentation

OSU Human Resources – 106 Whitehurst, Stillwater, Oklahoma 74078 – (405) 744-5449

should be completed by a psychiatrist. If you question the appropriateness of the medical documentation, contact Employee Services. A medical opinion from an appropriate medical professional may be required.

Complete the *Employer's Report of Claim* form. In the section entitled "Premiums," the percentage of premium paid by OSU is zero. All premiums are withheld after taxes. In the section entitled "Salary," you will want to determine the monthly rate of pay for an employee on the biweekly payroll by multiplying the hourly rate as of the last day worked times 2080 and dividing by 12 months, times FTE. To determine the annual pay for faculty, multiply the number of month's appointment times the monthly rate. Call Employee Services for assistance if the faculty member had pay for either of the two prior summer sessions. Attach a copy of the latest position questionnaire. Have the unit administrator sign the form.

**Complete Leave of Absence Form:** Complete a *Leave of Absence* form placing the employee on LTD leave of absence for six months following the last day worked. If the last day worked were January 5, the leave would run from January 6 through July 5. This leave will cover the 180 days 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 leave form, please note the reason for leave is "applied for long-term disability insurance benefits."

You will want to determine if the employee is eligible for the Family Medical Leave Act (FMLA), and if so, notify the employee accordingly. The FMLA physician forms can then be completed at the same time the AFA and ING physician forms are addressed. FMLA will run concurrently with the LTD leave of absence. 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.

**Route all Documents to Employee Services, 106 Whitehurst.**

- OSU Leave Form (attached to the top of the packet)
- Copy of employee's birth certificate
- AFA Attending Physician's Statement
- AFA Employee's Disability Benefits Application
- ING Employee Benefits Attending Physician's Statement of Disability
- ING Employee Benefits Waiver of Premium Disability Claim
- Employer's Report of Claim
- Copy of employee's current position questionnaire

Be sure to make copies for your file before forwarding to Employee Services.

**Employee Services Processing:** Employee Services staff will review the claim documentation for completeness and forward the claim forms to American Fidelity and ING as appropriate. American Fidelity and ING will be given additional information, such as the amount of life coverage and whether or not the employee is eligible for the annuity benefit. Payroll staff will process the leave of absence form.

**Pay During the Six-Month LTD Leave of Absence:** Pay during the six-month leave of absence is by use of accrued sick leave, compensatory time, and annual leave. Pay is at 100% until these leave accruals are exhausted. If the accrued leave is inadequate to cover the six-month leave, the balance of the six months is paid at 100% as supplemental disability pay for employees who have more than four years of continuous regular service as of the last day of work, or at the same percentage as the employee's LTD insurance election (50%, 60%, or 70%) for employees with less than four years of continuous regular service. If the employee's

disability is a result of a workers' compensation injury, call Employee Services, (405) 744-5449, for assistance in determining how to coordinate the OSU pay.

During this six-month leave, you will continue to input hours to ensure pay for the biweekly paid employee. Enter 40 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 during the remainder of the six-month leave. If the employee has been employed for four or more years as of the last day of work, the employee receives 40 hours per week disability supplement. If the employee has been employed for less than four years, the disability supplement pay is dependent on the employee's LTD insurance election. 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 Employee Services 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. If the employee has less than four years service, a leave without pay adjustment is entered on line 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.

You will need to watch leave balances so that 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 the annual and sick leave is exhausted.

**End of Six-Month Leave:** If the claim is approved, Employee Services staff will prepare the appropriate form placing the employee on LTD status until further notice. A copy of this form will be sent to the department. If an employee had more accrued leave than needed during the six months, any compensatory time or annual leave remaining would be paid in a lump sum. 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, Employee Services staff will place the employee on a personal leave of absence without pay not to exceed six months and forward a copy of the form to the department.

**Termination of Long-Term Disability Benefits:** American Fidelity will require medical documentation from time-to-time to ensure that the employee continues to be disabled. If the employee is able to return to work, OSU policy requires that departments allow the employee to return to work within one year in the same or an equal position. You should require a physician's release before allowing the employee to return. If the employee were able to return to work after more than a year, he/she would apply for employment on the same basis as any other applicant.

Disability benefits will eventually end, and in most cases, this occurs at age 65. When disability benefits end, Employee Services staff will complete a separation or retirement employment action form and forward a copy to the department.

## COORDINATION OF OTHER BENEFITS

**Health, Dental, Vision Insurance:** OSU continues to pay the health insurance premium on the employee up to the amount paid for active employees during the period of disability. The employee will be billed through the Bursar's office for any 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 health. 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.

**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 ING Employee Benefits. 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 ING.

**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.

**Losing Benefits Entitlement:** Certain situations could cause the employee to lose benefit entitlement. The most common is failing to provide ongoing proof of disability when requested and when an employee terminates employment and later files an LTD claim. If the employee allowed the insurance coverage to terminate (rather than continue it through COBRA and life conversion), then the coverage could not be reinstated.

**Assistance:** Call American Fidelity 1-800-662-1113 for more information about LTD benefits. If you work in Stillwater or at a branch campus, you may wish to visit your campus HR department for individual assistance.