



JOHNSTONE'S JOURNAL is published monthly, and designed to provide topical information of interest not only to plan administrators, but to all employees who enjoy coverage under the benefit plan. Feel free to make copies, and use as a payroll staffer.

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Reporting Changes

Up-to-date information can make a big difference in benefit coverage

Disability Benefits

Disability insurance pays a portion of an employee's wage when he or she can't work due to an illness or injury. Most disability plans provide this coverage up to age 65, and are based on the salaries that you report for your staff. If a salary is **understated**, then the employee does not have enough disability coverage in place. If salary is **overstated**, then the employee (or employer) is paying for coverage that they can never collect.

Confirmation

When a disability claim is submitted, the insurer requests income confirmation by asking for **payroll records**. These records could go back several years. If the stated salary does not match the payroll records, there could be a significant delay in receiving benefits, as the insurer must consider the reason for the difference. This is not the time to get into a debate with the insurer. The best time to verify correct salary levels is **now**, not when filing a disability claim.

Small Changes Make a Difference

Here is an example that shows how a small salary increase can change the benefit an employee is entitled to:

	Old	New
Monthly income	\$ 2,500	\$ 2,600
Monthly benefit (66 2/3% of monthly salary)	\$ 1,667	\$ 1,733

A pay increase of \$100 a month could make a difference—in this case, **\$66 more each month**. For a claimant who might never return to work, this could be a significant amount over the duration of the claim.

Salary Shown Monthly

Johnstone's monthly invoices show the current salary information that we have on file, unless you've asked us to suppress this information. It's an easy way for you to review these figures each month. If there has been a change to an employee's salary, make sure you notify us right away.

Other Changes: Terminations and Additions

Just as with salary changes, it's important to advise us promptly of all other changes. For example, when employees terminate, their benefit coverage also terminates. If this isn't reported promptly, the employer could be liable for claims after the cancellation date. For example, if an employee, intentionally or not, visits the dentist and submits a claim, and the employee is not cancelled from the insurer's records, the claim will be paid. If the delay in reporting a termination is short, the insurer will try to recover payment directly from the dentist. However, depending on the length of delay, usually the insurer will ask the employer for additional premiums to cover the full period that the employee received benefits.

When adding a new employee or dependent, you also need to be aware of the 31-day limitation. If an employee or dependent is added later than 31 days after he or she becomes eligible, the insurer will ask for health and dental information, and may limit or deny coverage.

Any time you have a change let us know, by phone, fax, mail, or e-mail and we will update your records immediately. Just provide the employee's name, type of change and effective date.