



THE JOURNAL

solid group plans made simple

DISABLED EMPLOYEE?

We can help you navigate the process!

One of your employees becomes disabled and is unable to work. Depending on the disability – the cause, the duration, what income replacement plans your organization has in place, etc. – the process can be somewhat daunting and confusing. Not something an employee or their family or the employer needs in an otherwise difficult time!

Johnstone's Benefits provides disability claims assistance as a core service to help clients manage the process – providing answers to their questions, assisting with forms, liaising with the insurer(s) facilitating the application process, reminding stakeholders of their coverage, timelines, etc.

Disability claims process

When an employee becomes disabled, we recommend you contact us, as getting the information and steps correct from the start is critical. The application process and approval time for disability claims can be lengthy, and then there's the paperwork! Insurers require information from the employee, the employer, and the physician(s). These can be submitted separately but the insurer won't start their adjudication process until all three statements are received. The physician statement will include substantive information about the disability, and may include medical test results, prognosis, and treatment plans. Upon review, the insurer may request additional information to assess the claim and may also ask for an independent medical examination (IME). This creates the potential for missed steps and delays, so having a liaison to assist the flow of the communications is helpful!

Definition of earnings

For our TPA clients, we ask they update us with salary changes throughout the year. For non-TPA clients, the establishment of the earnings at the time of disability is critical – we can help with any queries as to what is included. Not only may incorrect information impact the premiums payable to the insurer(s), but correct earnings information also determines the disability benefit payable to the disabled employee. "Earnings" in the disability insurance policy is used in the calculation of the benefit. Often defined as "regular" weekly (for short-term disability) or monthly (for long-term disability) earnings, it can include commission or other forms of income, but typically does not include dividends or overtime. The disability benefit is established based on the earnings amount as of the date of disability; their salary/wage cannot be adjusted until the employee returns to work.

THE JOHNSTONE'S ADVANTAGE

Our mission is simple:
Treat each client as if they were our only client.

Our value is clear:
We are completely independent. We work for you and offer total flexibility on insurers and plans.

We offer all your group insurance services including administration, brokerage, consulting, and communications.

We provide dedicated client support, customization and flexibility to meet all of your company's benefits needs. And we make **solid group plans simple.**



Non-evidence maximum (NEM)

As part of our TPA services, we regularly remind employees of the NEM – the amount of disability coverage they are eligible for without providing the insurer evidence of good health – and the process if they are eligible for and wish to apply for additional coverage based on their earnings. This may not seem important until the employee is disabled when they realize a missed opportunity for a higher benefit.

Types of disability plans

For short-term disabilities, employers may offer their employees an insured short-term disability plan (STD) and/or an employer-paid sick leave plan, or supplementary plans to utilize the government's Employment Insurance (EI) Sickness Benefit. Supplementary Unemployment Benefit (SUB) plans, approved by Services Canada, can also be designed to top-up other short-term disability plans.

If the disability is a result of employment-related injury or illness, Johnstone's Benefits can help you coordinate income replacement through another short-term disability plan, if necessary, while getting this coverage established, as well the appropriate reconciliation and deductions reporting.

Understanding disability plan offsets

Insurers apply offsets in their disability plan policies so employees can't 'stack' benefits while on LTD. Primary offsets typically include workers' compensation benefits, CPP disability benefits, EI Sickness Benefit, wages or other remuneration from the employer (not SUB benefits). Secondary offsets may include spouse or children's or spouse's CPP benefits.

Timing considerations

Doctors' appointments, scheduling medical exams, completing reports required by the

insurer(s) all take time. We recommend employees start the disability claim application process as soon as possible. If the employee anticipates a longer-term disability, we recommend they contact us two (2) months prior to the end of the LTD elimination period. This "waiting" period commonly aligns with the short-term disability plan benefit maximum period – 17, 26 or 52 weeks. Insurance companies have a cut-off date for an application for disability benefits, which are not easily negotiated if missed. This date affects the actual benefit eligibility, as well as eligibility for an approved waiver of premium for the employee's life insurance.

Waivers of premium

Disabled employees are legally eligible for group benefits as long as they are an 'employee', if they continue to pay the insurance premiums they would normally be responsible for. Once employment is terminated, or "frustrated", benefits typically end. However, benefits with a "waiver of premiums" provision – life insurance, accidental death & disablement, disability insurance, critical illness insurance – allow continuation of these coverage for a disabled employee provided they deem the employee to meet the definition of "disabled". The waivers of premium must be applied for and approved within the insurer(s)' timeline. AGAIN – we can help!

CONTACT US

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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 share with your employees.

