

DISABILITY LEAVES – THE BASICS YOU NEED TO KNOW

What disability coverage is in place?

Many employers offer short term disability (STD) – also known as weekly indemnity (WI) – and/or long term disability (LTD) coverage as part of the organization's group insurance program. If there is no STD, an employee who is absent from work due to illness or injury should apply for wage replacement through the Employment Insurance (EI) Sickness Benefit (<https://www.canada.ca/en/services/benefits/ei/ei-sickness.html>). This plan offers a maximum 15 weeks benefit. Currently, if the disability is due to COVID-19, the one-week waiting period will be waived.

If there is LTD in place, the elimination (or waiting) period, commonly 17, 26 or 52 weeks, will end with the STD/WI or EI benefit maximum period.

Benefit amount

Group disability plan benefits are based on a percentage of reported pre-disability earnings. Although most plans are based on regular earnings, "earnings" could include commission or other forms of income, as determined by the employer as part of the insurance policy contract. Typically bonuses, dividends and overtime are not included in the definition of earnings.

Non-evidence maximum (NEM)

When an employee enrolls for group disability benefits, they are not required to provide evidence of good health for coverage up to the NEM. The insurer sets the amount of coverage an employee is eligible to receive typically based on the composition of the employee group. If an employee wishes to qualify for amounts above the NEM based on the percentage of their salary, they are required to complete an evidence of insurability form provided by Johnstone's Benefits.

Develop a policy

We recommend that employers have a good "continuation of benefits" policy in place. Insurers have found it is highly unlikely that an employee will return if they are unable to work for two years.

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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.**



The employee's disability is reassessed by the insurer at this point; in many LTD contracts, the definition of disability changes from "unable to perform the essential duties in the employee's "own occupation", to "any occupation thereafter". This may make a two year period of employment after date of disability an appropriate organizational "continuation of benefits" policy. Disabled employees are legally eligible for group benefits coverage as long as they are "an employee", and 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 that include the "waiver of premium" provision – life insurance, accidental death & disablement, disability insurance – allow continuation of these coverages for a disabled employee provided the definition of disability is satisfied.

Disability claim process

The application process and approval time for disability claims can be lengthy, and there's the paperwork! We are here to help! One of our primary services is assisting employees through the disability claim process.

For disability claims, 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 exam (IME). This all takes time to arrange and complete, so we recommend employees start this process as soon as possible, within 90 days of an LTD claim,

recognizing they will be unable to return to work before the end of STD/WI or EI Sickness Benefit periods.

COVID-19 and the EFAP

It's been one year of the COVID-19 pandemic, and we're hearing from our clients their employees' experiences with their organization's Employee Assistance & Family Plan (EFAP). We talked about EFAPs in our May and June 2020 Johnstone's Journals and cited Morneau Shepell, a leading EFAP provider, reporting 500,000 Canadians missing work each week because of stress and personal challenges – PRIOR to COVID-19!

We can all agree the pandemic has been hard, we're all getting impatient with restrictions and changes to our lives, and we now know how it is adversely affecting mental health.

EFAPs can be a stand-alone benefit or embedded in your organization's LTD plan or extended health (EHC) plan.

Remember EFAP support is available 24/7, and is 100% confidential.

For a reminder of benefits provided by EFAPs, please see our May and June 2020 editions of Johnstone's Journal at <https://www.jbenefits.com/Journal.aspx>.

If you don't have an EFAP program but wish to review the opportunity, please contact us.

CONTACT US

Johnstone's Benefits

3095 Woodbine Drive
North Vancouver, BC
V7R 2S3

Phone: 604 980 6227
Toll Free: 1 800 432 9707
Fax: 604 983 2935

Website: www.jbenefits.com

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