

THE INSURANCE INSIDER



PAYING EHC & DENTAL PREMIUMS FOR A DISABLED EMPLOYEE.

The question:

If one of your employees becomes disabled tomorrow, for how long will you, the employer, be required to provide that disabled employee with their EHC and Dental benefits? This question comes up more often than not at the start of nearly every disability claim. If you cannot answer it immediately, it is time to set some company policy guidelines.



The law:

Currently there are no set rules or regulations that dictate the length of time an employer must maintain and pay its share of EHC and Dental premiums for a disabled employee. The resulting lack of formal guidelines results in many employers

“playing it by ear” when an employee goes on disability. As the employee remains on disability, most employer’s begin to ask the question: “How long do I need to continue to pay for this employee’s premiums?”

The answer:

It’s really up to the plan sponsor (employer), however there are several critical steps an employer should take to avoid potential litigation.

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“...there are no set rules or regulations that dictate the length of time an employer must maintain and pay its share of EHC and Dental premiums...”

Setting a Company Policy

The average employee has likely never given thought to who will be paying for their EHC and Dental premiums after becoming disabled. In fact, if you were to ask them today, most employ-

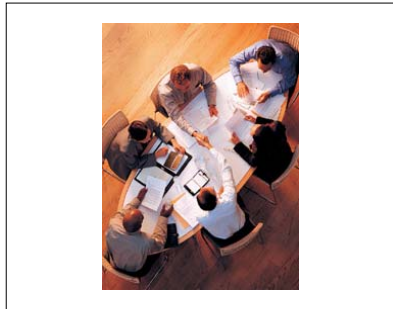
ees would assume that either the employer or the insurance carrier will likely be responsible for those premiums since they are no longer working or earning income. The employee’s genuine belief

that they are covered for EHC and Dental premiums, as long as they remain disabled or turn 65, can sometimes lead to litigation.

1.) AN EXPLANATION OF THE LONG TERM DISABILITY BENEFIT

The simplest way to protect the employer from future litigation is in the creation and communication of a company policy that addresses the payment of EHC and Dental premiums following a disability.

1.) A statement explaining that an injury or sickness, resulting in a Long Term Disability benefit payment, will not cause the insurance carrier to waive premiums for the Employee's Extended Health & Dental portion of the benefits plan.



Educating employees is key to successful company policy

Setting a company policy:

Setting company policy with respect to EHC and Dental premium payment after disability need not be a laborious task. There are three things that the employer should include in the policy for the employee's edification.

These premiums must still be paid regardless of whether the employee is earning income. If the employer currently pays for 100% of the premiums associated with an Employee's EHC and Dental coverage, then the employer will continue to pay these premiums following disability.

If the employer and employee share the costs of EHC and Dental coverage, the employer should state in the policy whether or not they intend to recoup the employee's portion of the premiums, either throughout the length of the disability or upon return to work.

2.) DETERMINING THE LENGTH OF TIME EHC & DENTAL PREMIUMS WILL BE COVERED

2.) The length of time an employer should keep an employee on the EHC and Dental portion of the plan is up to the plan sponsor. A suitable time frame is one that is both fair to the employee and financially viable for the company. The following are recommended time frames for maintaining an employee's EHC and Dental coverage following the "date of disability".

18 Months

Is the average time frame.

24 Months

A more generous time frame for the employee.

28 Months

This length of time matches the period when most LTD plans move from an Own Occupation definition of disability to an Any Occupation definition of disability. It is typically at this point when an employer will know whether or not the disabled employee will ever return to work in the future.



Choose a length of time both fair to the employee and the employer is comfortable with

By implementing one of these time frames for all employees, an employer can ensure both fair and equal treatment for all disabled workers.

12 Months

This is the minimum amount of time an employer should agree to continue paying their portion EHC and Dental premiums.

"The simplest way to protect the employer from future litigation is in the creation and communication of a company policy"



3.) DEFINING DATE OF DISABILITY

3.) One area of company policy that can often lead to disagreement between a disabled employee and their employer is the “date of disability”. Employees sometimes believe that the day they begin to receive their disability payments from the carrier, is the day they’ve gone on disability. It is therefore important for an employer to include the definition of “date of disability” in their policy.

Date of Disability: The date an employee first seeks medical advise or treatment for an injury or illness that results in a disability.



This definition coincides with the date used by insurance carriers to begin the elimination period.

COMMUNICATING POLICY TO EMPLOYEES

Like many aspects of life, a failure in communication can often ruin the best of intentions. Without clear and concise communication of policy, merely having one in place may not be any help in the event of litigation.

mium payment of EHC & Dental coverage when first receiving their employee benefits booklets.

By following these simple steps, plan sponsors will ensure that their employees are aware of the facts surrounding EHC and Dental premiums after disability.

A second copy of the policy should be provided to the employee after informing the employer that their intention is to apply for LTD.

Once the employer has created policy for an in force benefits plan with LTD, they should provide a written copy of the new company policy to all employees, instructing them to read it and keep it with their Benefits Booklet. This initial policy rollout can coincide with annual performance reviews or budget meetings.

New employees being introduced to the plan should receive a copy of the company’s policy regarding disability and pre-



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