

Virginia Local Disability Plan Alternative 2014

**Recorded Webinar
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For additional information, please contact the following:

Billing Administration: billing-hybridisability@vacoins.org

Benefits and Coverage Administration: hybridisability@standard.com

Leave Considerations: ngrasso@digitalbenefitadvisors.com



VACORP



digital 
BENEFIT ADVISORS
a division of digital insurance

Today's Discussion

- VACORP – Stephanie Heintzleman
 - Policy Administration
 - Billing
- Standard Insurance – Stephen Lovings and Brooke Spurlock
 - Administration of the Disability Policy
 - Claims Paying
 - STD – Advise to Pay
 - LTD – Fully Insured
- Digital Benefit Advisors – Nancy Grasso
 - Leave discussion
 - Consulting for Supplemental Insurance

Premium and Billing

Billing Method and Premiums Due

Billing Method

Self-Administered Billing: Insured employees are summarized (not listed individually) for premium billing. You prepare and initiate premium statements according to the number of insured employees insured under your Group Policy.

Premiums Due

Premiums are due on or before the first calendar day of the period for which you are billed. This date is shown on the cover of your Group Policy. Your Group Policy specifies a Grace Period during which premiums must be paid.

Premium and Billing Reporting Volume

Volume is the amount of coverage each employee has according to your Long Term Disability (LTD) Group Policy. Premiums for insurance are based on amounts stated in the LTD Schedule of Insurance provision of your Group Policy up to a maximum benefit or earnings amount. Follow these guidelines to determine and pay premiums for the proper volume for your coverages:

- Report volume based on maximum insured earnings and benefit limits for each insured employee, according to the LTD Schedule Of Insurance provision.
- Do not report volume or pay premiums for earnings which exceed the maximum defined in your Group LTD Policy or for coverage amounts for which Evidence of Insurability is pending.
- Monitor and report changes in volume as of their effective date.

Premium and Billing

Paying Premiums

Pay premiums according to these steps:

1. Update with current lives and LTD volumes for all insured under your plan.
2. Calculate the premium due by applying the appropriate rate(s) to current, total monthly volume as applicable for your insured population(s).
3. Forward billing documentation with total payment to VACoRP.

Premium and Billing Employee Adjustments

You are responsible for reporting and making billing adjustments related to employee additions and terminations, as well as LTD volume increases and decreases. These may result from changes in age, job classification, salary or other reasons defined in your Group Policy.

For administrative ease, premium payments and adjustments are usually calculated as of the first of the month coinciding with or following a change. To adjust your premiums for employee additions, terminations, volume increases and decreases, follow these steps:

1. Input changes into your billing tracking system.
2. Adjust the amount of premium and pay the amount due.
3. Send your billing documentation to VACoRP with your premium remittance.

Premium and Billing

Premiums During Disability

To maintain group insurance coverage for eligible employees who are away from work because of disability, it is generally necessary to continue premium payments on their behalf. In certain cases, Long Term Disability insurance premiums may be waived for some period of time while an employee is disabled, according to the When Insurance Ends and Waiver of Premium provisions under your Group Policy and the directions that follow.

Note: Cease payment of premiums when a disabled employee's insurance ends for any reason stated in your Group LTD Policy.

Premiums for Long Term Disability Insurance

If an insured employee is away from work because of disability and a Long Term Disability claim is pending, follow these steps:

1. Continue paying premiums until you receive notification that the LTD claim is approved and benefits are payable and due, as long as the employee remains eligible for coverage.
2. After you receive notice of claim approval, report the changes for premiums.



Commonly Asked Questions

What is volume?

Volume is the total amount of LTD coverage each employee has, according to the contract provisions.

Why is an insured employee capped at a particular LTD volume level when the salary is higher than that?

An insured employee's LTD volume is limited by the LTD plan maximum.

How does The Standard calculate volume?

Insurance volume for VACoRP is calculated as follows for each individual covered:

Volume equals the insured employee's LTD monthly Predisability Earnings

Disability Plans and FAQ

Standard Insurance- Stephen Lovings and Brooke Spurlock

- ❖ Benefit Overview
- ❖ Administration of the Disability Policy
- ❖ Claims Paying
 - ❖ STD- Advise to Pay- Employer Pays the Employee
 - ❖ LTD- Fully Insured- Standard Pays the Employee

VLDP Requirements

Opt out with Confidence

- Effective January 1, 2014 to all Virginia Public Entities participating in the New Hybrid Retirement System.
- Effective July 1, 2014 for current Plan 1 and Plan 2 employees who enroll in the Hybrid Retirement System by April 30th, 2014.
- Comparable plan that addresses each provision of § Section 51.1-1150-1183 of the Code of Virginia.

Hybrid Disability Plan Summary

- Comprehensive STD and LTD Disability Policy similar to VLDP
- Covers occupational and non occupational disabilities
- Group Short Term Disability - advice to pay “ATP”
 - Standard Process the Claims
 - Entity Pays the employee from Payroll
 - 1 week Elimination Period
 - Covers 125 work days
- Group Long Term Disability Insurance - Fully Insured
 - Begins when STD ends
 - Standard Pays the Employee Monthly
 - Standard Pays employer required 1% pension Contribution benefit

Hybrid Disability Benefit Overview

- Coverage begins once enrolled in the Hybrid Retirement Program.
- Work Related Disabilities Covered first Year
- Non Work Related Disabilities are **NOT** covered the first 12 months
- 7 Calendar Day Elimination Period.
- First 5 years in the Hybrid Disability Plan – 60% income replacement; 80% if Catastrophic (Loss of 2 ADL's)
- Workers Compensation Insurance (66.67%) is greater than the STD Benefit therefore no STD benefit is payable to employee for Work Related Disability.
- If Claim is Catastrophic with loss of 2 Activities of Daily Living STD benefit is 80%. Employer would pay the employee the difference that WC doesn't pay
- Work Related Disability Claims do not need to be filed with Standard unless:
 - Claim is Catastrophic with loss of 2 ADL's
 - Claim lasts 90 days and may continue as an LTD claim
- Work Related LTD claims receive a minimum \$100 monthly benefit payable by Standard.

Human Resource Managers Frequently Asked Questions About Filing A Short Term Disability Claim

The following questions and answers are designed to help you with the administration of Short Term Disability (STD) claims for your employees with Standard Insurance Company (The Standard).



FAQs

Who is The Standard?

The Standard was founded in 1906 in Portland, Oregon and is a national leader in life and disability insurance.

The Standard is providing the STD Advice to Pay Services (Employer Paid) and insured LTD coverage for eligible members of the Employer. Employer means any local government or other local agency, department, board, or authority in the Commonwealth of Virginia which has signed a participation agreement for the Hybrid Disability Program sponsored by the Virginia Association of Counties Risk Pool, and whose participation under the Program has been approved in writing by the Program Sponsor. Eligible members of the plan are defined as:

1. A regular employee of the Employer who is participating in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia;
2. Actively at Work at least the minimum hours per week required by the Employer for coverage under the Program, but in no event less than 10 hours each week (for purposes of the Member definition, Actively At Work will include regularly scheduled days of, holidays or vacation days, so long as the person is capable of Active Work on those days); and
3. A citizen or resident of the United States or Canada

Member does not include a temporary or seasonal employee, a full-time member of the armed forces of any country, a leased employee, or an independent contractor.



FAQs

When Should Your Employee Report Their Disability Claim?

Employees should report their disability claim as soon as they believe they will be absent from work beyond 7 calendar days. If the employee is uncertain about how long they will be absent or whether they should file a claim or not, we suggest that the employee files a claim right away. This offers the employee some peace of mind and allows for The Standard to begin its review and render a timely decision. An employee may report a claim up to four weeks in advance of a planned disability absence, such as childbirth or scheduled surgery.

How Does My Employee File A Claim?

Your employees should file a paper claim by contacting their Human Resource representative to obtain a copy of the disability claim packet. The claim forms are posted on VACoRP's website at this location on The Standard's AdminEASE site:

http://www.standard.com/eforms/2047atp_rco_649393.pdf

A typical application for disability benefits contains the following documents:

- Employee's Statement
- Employer's Statement
- Attending Physician's Statement (APS)
- Authorization to Obtain and Release Information



FAQs

What Information Will Your Employee Need to Complete The Claim Form?

The employee will be asked to provide the following information:

- Sponsor name: **Virginia Association of Counties Risk Pool (VACoRP)**
- Group Plan Number: **649393**
- Name and Social Security Number
- Last day they were at work
- Nature of claim/medical information
- Physician's contact information (name, address, phone and fax number)

Where Should The Completed Claim Forms Be Sent?

Completed forms may be mailed to:

Standard Insurance Company
P.O. Box 5031
White Plains, NY 10602-5031

Or if you prefer, you may fax completed forms to our office at 800.378.8361.



FAQs

What Do I Need To Do?

You must complete the Virginia Association of Counties Group Self Insurance Risk Pool Disability Insurance Employer Statement. We recommend you only utilize the claim form that has been customized for this plan. The Employer Statement asks that you provide your VACoRP Member Number. You can access this form on the VACoRP member site via the following web address:

http://www.standard.com/eforms/2047atp_rco_649393.pdf

How Long Does It Normally Take To Make A Claim Decision?

Once The Standard receives the required paperwork, which includes the Employee's Statement, Employer's Statement, Attending Physician's Statement and Authorization to Obtain and Release Information, it will take approximately one week to make a claim decision. If we have not made a decision within one week, the employee will be notified with additional details.

Who Will Be Notified Of The Claim Decision?

The Standard will send written notice of decision of the claim determination to the employee. Written notification of the claim determination will also be mailed to the Employer.

The Standard will send email notification of the claim decision and the approved benefit period to the Employer to the email address provided on the Employer Statement

You can also view the claim decision and benefit payable dates by viewing the claim reports on Standard's AdminEASE website. Your access will be associated with your VACoRP member number.

Sample Employer Email Notification

Subject: STD Approval- Joseph Employee Claim # 012345

We are pleased to inform you that the Short Term Disability (STD) claim for Joseph Employee (Claim #012345) has been approved. Our records indicate:

Last Day Worked:

Date of Disability:

Return to Work Date Estimated:

Return to Work Date Actual:

Maternity Claims

Estimated Date of Delivery

Actual Date of Delivery

The STD benefits will begin on xx/xx/20xx and are approved through xx/xx/20xx.

If disability continues beyond the approved through date the Maximum Benefit Period for this claim is xx/xx/20xx.

You are responsible for issuing the STD benefit payment to the employee. The Standard is rendering the claim decision and will not be issuing any benefit payment.

Please refer to the STD Plan document for details on how to determine the appropriate STD payment. This document can be found on The Standard's online plan and administration system at www.adminease.standard.com.

Any Examiner | Disability Benefit Examiner

The Standard

P.O. Box 5031 | White Plains, NY 10602

Phone 800.426.4332 ext. 0000

Fax 800.378.8361

Any.examiner@standard.com

FAQs

If My Employee's Claim for STD Benefits Is Approved, Who Is Responsible For Issuing The STD Benefit To The Employee?

The Employer is responsible for issuing STD benefit payment. The Standard is rendering the claim decision and will not be issuing any benefit payment. The Standard's claim decision communication will confirm the benefit start date and the duration of the approved benefit payment period. Each Human Resource office will be responsible to work with the Employer's payroll department to issue payment to the employee.

How Do I Calculate The STD Benefit That Is Payable To The Employee?

The following provides information on the STD Benefit that is payable to the employee:

Benefit Waiting Period

The STD benefit is payable after the employee has been continuously disabled for 7 days. The Standard will notify you of the STD Benefit Start Date in the claim decision notification.

Maximum Benefit Period

125 work days

FAQs

How Do I Calculate The STD Benefit That Is Payable To The Employee? (continued)

Weekly Benefit

For a disability arising out of or in the course of employment with the Employer:

The STD Benefit provides income replacement for (i) 60 percent of a Member's Predisability Earnings for the first 60 months of continuous participation in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia and (ii) thereafter, a percentage of a Member's Predisability Earnings during the periods specified below, based on the number of months of continuous participation in the Virginia hybrid retirement program attained by an employee who is disabled, on maternity leave, or takes periodic absences due to a major chronic condition, as determined by the Board or its designee, as follows:

| Months of Continuous Participation | Work days at 100% Replacement | Work days at 80% Replacement | Work days at 60% Replacement |
|------------------------------------|-------------------------------|------------------------------|------------------------------|
| 0-59 | 0 | 0 | 125 |
| 60-119 | 85 | 25 | 15 |
| 120 or more | 85 | 40 | 0 |



FAQs

How Do I Calculate The STD Benefit That Is Payable To The Employee? (continued)

Weekly Benefit

For any other disability:

The STD Benefit provides income replacement for (i) 60 percent of a Member's Predisability Earnings after 12 months of continuous participation through the first 60 months of continuous participation in the Virginia hybrid retirement program described in § 51.1-169 of the Code of Virginia and (ii) thereafter, a percentage of a Member's Predisability Earnings during the periods specified below, based on the number of months of continuous participation in the Virginia hybrid retirement program attained by an employee who is disabled, on maternity leave, or takes periodic absences due to a major chronic condition, as determined by the Board or its designee, as follows:

| Months of Continuous Participation | Work days at 100% Replacement | Work days at 80% Replacement | Work days at 60% Replacement |
|------------------------------------|-------------------------------|------------------------------|------------------------------|
| 0-12 | 0 | 0 | 0 |
| 13-59 | 0 | 0 | 125 |
| 60-119 | 25 | 25 | 75 |
| 120-179 | 25 | 50 | 50 |
| 180 or more | 25 | 75 | 25 |



FAQs

Can The Employee Come Back To Work In A Reduced Capacity And Be Eligible For STD Benefits?

Under the STD plan, an individual can continue to receive the STD benefits when working in a reduced capacity as long as they continue to meet the Definition of Disability under the STD plan. The employee can meet the Partial Disability Definition when “as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to earn 80% of your Predisability Earnings.”

Please be sure to notify The Standard directly if an employee returns to work in a reduced capacity. The Standard will need to be notified of the employee’s work hours and earnings to determine if the employee continues to be disabled under the STD plan and eligible for continued STD payment.

How Do I Calculate The STD Benefit When An Employee Is Working In A Reduced Capacity?

The STD plan document provides information on the partial return to work benefit calculation as part of the Return to Work Incentive. This provision provides that the employee’s Work Earnings and their STD benefits can reach 100% of their Predisability Earnings (PDE) level. The amount of income that exceeds 100% of the employee’s Predisability Income is considered Deductible Income.

FAQs

What Is An Assisted Living Benefit?

The VACoRP-sponsored STD plan provides for an additional benefit called the Assisted Living Benefit. This benefit provides for an additional benefit of 20% of the employee's Predisability Earnings if the insured suffers an injury or illness that results in them being unable to independently perform their Activities of Daily Living for 90 days or more. The Standard will notify the Employer if the insured meets the requirements. This income would be paid by the Employer during the STD period and could be payable while the insured is receiving Workers Compensation. Please refer to the STD plan document for further details on this benefit.

Is The STD Benefit Payable To The Employee Taxable?

Yes, the STD benefit payable under the STD policy is taxable income. The Employer's payroll department should determine the appropriate tax withholdings to make from the STD benefit payment.

FAQs

What Occurs If The Employee Remains Disabled? Does A Separate Claim Need To Be Filed For A Long Term Disability Claim?

The Standard will evaluate each STD claim to determine if the claim will extend into the LTD benefit period. The Standard will refer the STD claim to the LTD department and no additional claim form needs to be submitted. The Standard will notify the employee and employer if the claim is referred to the LTD department and will reach out to the employer and/or employee for any additional information. Written notice of the LTD claim decision will be mailed to the employee and employer. The LTD benefit is a fully insured benefit and therefore payment of the LTD benefit will be made by The Standard for any approved benefit periods.

Do I Continue To Pay Premium For An Employee When They Are Disabled?

Yes, continue to calculate and submit premium. If and when the employee is approved for insured LTD benefits, you may stop paying the premium then.

FAQs

Do I Continue To Make Contributions To the Virginia Hybrid Retirement Plan?

Yes, you should continue to make contributions as the employee is still considered a VRS member while on short term disability. Continue to report the employee's creditable compensation and deduct the member contribution using the employee's predisability earnings amount. The employee does not have to contribute any voluntary contributions but the employer must continue contributions. Please contact VRS if you have questions.

Who Should I Call With Questions About My Employee's Claim?

If the claim form has been sent to The Standard, please call The Standard's Disability Benefits toll-free number, 800.426.4332. If you are looking for general information, please contact your VACoRP contact at 888.822.6772 or The Standard's Sales and Service office at 888.309.7772 or via email at hybriddisability@standard.com.



Benefit Payment Example

Lynn, out of work due to illness, 3 years of service

STD approved for the maximum duration of 125 work days

STD Benefits are approved following the 7 calendar day Benefit Waiting Period

Lynn eligible to receive 60% of her Predisability Earnings (PDE) under the STD policy

If Lynn had more than 60 months of service, her STD benefit would be payable

per the following calculations:

| Months of Continuous Participation | Work days at 100% Replacement | Work days at 80% Replacement | Work days at 60% Replacement |
|------------------------------------|-------------------------------|------------------------------|------------------------------|
| 0-12 | 0 | 0 | 0 |
| 13-59 | 0 | 0 | 125 |
| 60-119 | 25 | 25 | 75 |
| 120-179 | 25 | 50 | 50 |
| 180 or more | 25 | 75 | 25 |



AdminEASE – The Standard’s Online Reporting System

When an STD claim becomes payable, you will receive a notification from Standard’s claim examiner notifying you of the claim decision. This notice will provide you with the STD payment dates if the claim is approved. You or your payroll department should then calculate the STD benefit payment that is due, payable from your payroll, using the formulas in the STD program. A copy of this STD plan document can be found on Standard’s online AdminEASE system.

During the STD period when you are paying the claim, use the notifications from The Standard to know when to pay. You also have 24/7 access to Standard’s online plan and administration system, AdminEASE. This system can be used for tracking of your employee’s claim status and duration of the claim. Once the claim becomes a LTD claim, the benefits are insured by Standard. The Standard will be issuing the LTD payments and you will not need to calculate or pay the LTD benefits.



AdminEASE – Getting Started

To begin using AdminEASE, visit www.adminease.standard.com and follow these steps.

Initial registration of your AdminEASE account *must* be completed using Microsoft Internet Explorer

1. Select *Activate Your Account*
2. Enter your six-digit policy number: **649393**
3. Enter your registration code xxxxxxxx
(Your code will have been sent to you in an email or letter)

Your registration code expires after three months. Please contact The Standard if you need a new registration code.

Questions And Support

After the initial registration is completed you may use the browser of your choice to navigate AdminEASE. Should you have questions about gaining access or need technical assistance, contact your E-Support Customer Service Team at The Standard at 800.378.2396 or esupport@standard.com.

If you need help understanding the claim or benefit payment process, contact our claims office, your VACoRP representative or Standard's Sales and Service office at 888.309.7772. Or email hybriddisability@standard.com.

Reports on AdminEASE can show you the status of submitted claims, and confirm when benefit checks should be issued. Click on the *Manage Claims* section in the middle of the screen to reach Reports Online, select your VACoRP member code, and point and click to the report you need. Data can be viewed online or can be downloaded into Excel documents for your ease in review and storage.

Online Reporting

Reports on AdminEASE can show you the status of submitted claims, and confirm when benefit checks should be issued. Click on the *Manage Claims* section in the middle of the screen to reach Reports Online, select your VACoRP member code, and point and click to the report you need. Data can be viewed online or can be downloaded into Excel documents for your ease in review and storage.

Reports Online is secure, private and convenient, and access is limited to authorized individuals only. Claim information is updated each night, including reasons for incomplete, pending, denied and closed claims. Claim information is viewable for 90 days. If you need additional claims data or information, contact your account management team.

The AdminEASE site will also house copies of the Plan Document for STD, the insured policy for LTD and downloadable claim forms.



Nancy Grasso Digital
Benefit Advisors
VLDP and Sick Leave Accruals

Traditional Methods Of Sick Leave

- One and Two employees (Legacy) use accrued sick time to pay for both Short and Long Term Disabilities
- VRS will no longer offer any disability coverage for permanently disabled Hybrid plan participants. This will be insured by The Standard with all Hybrid.
- VRS will continue to handle Retirement disability for the One and Two employees
- If no changes are made, Hybrids will substantially increase the cost of paid sick leave or leave liability to the government entity.

Accruals

- Minimum Accruals for teachers/state employees 1 day per month.
- Continued unfunded liability growth
- Payout provisions – leave, retirement, health insurance, etc.

Banks

- Hybrid participation in the sick bank
- Negative Banks
- Assessments
- May want to review cultural thoughts surrounding the direction of the bank

PTO Policy Or Policy Changes

- Transfer all sick and vacation to one common PTO pool of time – generally not a strategy for schools although some are doing it
- Make it flex – Sick, Personal or Vacation
- Saves money – Allow a smaller amount of total accrued time
- All employees on consistent plan – rewarding those with longer tenure
- Administrative ease

Insuring The Liability

- Add long term disability to all employee benefit programs
- Possible to add short term – depending on culture
- Create plan designs exactly the same as hybrid VLDP program so all employees are on the same plan (lower rates)
- Or... Change the eligibility period to a 30/60/90 day wait and allow employees with frozen time to use sick days for 100% coverage
- Employees will earn 60-66% of income and can use accrued time to gain 100% salary replacement
- Administer one single set of benefits

Pros And Cons Of Changing Policy

Cons:

- Change always brings a level of concern for some employees, even if it is good change
- One and Two employees will potentially earn fewer days of leave within one year
- Could be a hard dollar cost over time
- Change in cultural usage of the time earned
- Requires much planning in a short time frame

Pros:

- Administrative ease
- Equity amongst employees
- One and Two employees will gain access to a substantially better benefit
- Will cost less than the unfunded liability accruals – shifts the cost and insures the risk
- Saves the HR department and management from getting involved in decisions regarding leave