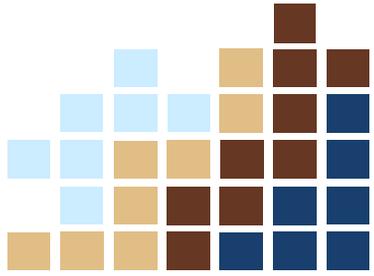


Liaison Training

Subtitle: Long Term Disability

Dates: July 19 – 21, 2011



Course Objectives

- **To give Liaisons the opportunity to acquire additional knowledge regarding the State's Employee Long Term Disability plans.**

ASRS LONG TERM DISABILITY

Presented by:

Barry O'Dowd
Program Manager
Sedgwick CMS, Inc.



Sedgwick CMS

Objectives

- Define Long Term Disability (LTD)
- List who is and is not eligible
- Explain the LTD process



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LTD - What is it?

- A monthly benefit
- Partially replaces income lost during periods of total disability
- A self-funded plan



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Who is Eligible?

- ❑ **All public officers and employees who are:**
 - Active members in the ASRS
 - Employed by a participating ASRS employer
 - State Employee hired on or after 7/20/2011 not eligible for LTD until the 27th week of employment.



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**ARIZONA STATE RETIREMENT SYSTEM
LONG-TERM DISABILITY INCOME PLAN
EMPLOYER'S NOTICE OF CLAIM**



Employer's Notice of Claim

Be sure to answer all questions
Please type or print
Fax completed forms to: (818) 591 7664

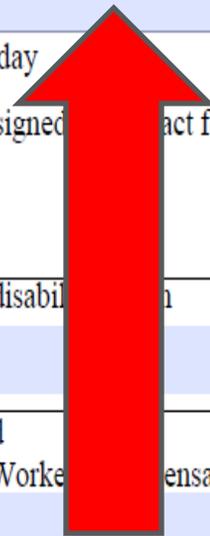
MAILING ADDRESS

SEDGWICK CMS, Inc.
P.O. Box 9830
Calabasas, CA 91372 - 0830

TO BE COMPLETED BY THE EMPLOYER

New claim: Yes No

1. Full name of employee (Please print) [Redacted]		2. Date employed [Redacted]	3. Effective date of protection under ASRS plan [Redacted]
4. Social Security number [Redacted]		6. Employee's normal work schedule in a fiscal year A. Period(s) covered by contract [Redacted] B. <input type="checkbox"/> Days per week <input type="checkbox"/> Hours per day If you are a school district, has claimant signed contract for the next school year? <input type="checkbox"/> Yes <input type="checkbox"/> No Number of Pay periods per year <input type="checkbox"/>	
5. Amount of salary as of date disability began for purpose of ASRS: \$ [Redacted] Gross Monthly Salary (If school district give 1/12th of the annualized compensation)		7. Date last worked (no. of hours that date) [Redacted] hrs	
7. Date last worked (no. of hours that date) [Redacted] hrs		8. Reason for not working after this date [Redacted]	9. Date disability began [Redacted]
10. Did this disability occur as a result of the claimant's employment? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Currently disputed If "Yes," or under dispute, please provide us with the policy number, name, address and phone number of Worker Compensation administrator [Redacted]			
11. Have you and the claimant discussed reasonable accommodations which would allow a return to work? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes" please explain. [Redacted]			



Who is NOT Eligible?

An employee who:

Is receiving or will begin receiving retirement benefits from ASRS

Who withdraws their contributions from the ASRS



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What is Total Disability?

Definition 1:

During the first 30 months (6 mths waiting period + 24 mths benefits) if an employee is:

- Under the care of a licensed physician, and
- Unable to perform all duties of the job held when became disabled.



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What is Total Disability?

Definition 2:

After 24 months of benefits within a five-year period an employee is:

- Under the care of licensed physician and
- Unable to perform any “gainful” occupation they are reasonably qualified by education, training, or experience.
 - “Gainful” means $\frac{2}{3}$ of their previous compensation.



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What Disabilities Are Not Covered?

- Self inflicted injuries
- War, whether declared or not
- Injuries occurred while engaging in criminal act or enterprise
- Any pre-existing condition



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Pre-Existing Clause

- ❑ Does **NOT** apply if employee has made **12 continuous months** of contributions prior to the date of disability.
- ❑ **DOES** apply to claims if employee **doesn't** have 12 months of contributions.
 - Pre-existing investigation looks back 6 months prior to membership



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Benefits Are Not Payable

When a member refuses to:

- Undergo any medical examination, or
- Participate in any work rehabilitation program



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When Do Benefits Begin?

- On the day following the Waiting Period**
 - disabled for 6 months
- Benefits are paid monthly**
- Effective 7/20/2011 initial claims filed more than 12 months from date of disability are not eligible.**
- The Waiting Period is not interrupted by limited work**



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Define Limited Duty / Work

- ❑ **Limited duty means, as advised by a licensed physician, the employee is unable to perform:**
 - All of the duties and/or
 - Work a full-time schedule



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The Waiting Period

- During the 6 month waiting period, employees cannot work more than 10 full-time regular duty days
- If they do, they will be required to satisfy a new six month waiting period.



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A Reoccurring Disability

If an employee:

- Has satisfied the waiting period,
- Returns to work with a participating employer,
- Later becomes disabled again for the same or related cause, benefit will resume without a waiting period



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Service Accrual

- An employee on LTD is entitled to receive service credits**
- An employee can accrue service up to a total of 30 years which includes of contributed service while on disability.**



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Worker's Comp and LTD

- Employees receiving Worker's Compensation should also apply for LTD.
- With LTD employees receive service accrual.



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What is the Benefit Amount?

- ❑ The monthly benefit is 66⅔% of the employee's monthly earnings.
- ❑ Earnings are based on contributions paid to the ASRS.



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How is the Benefit Calculated?

Prior to Date of Disability:

- ❑ 6 contributions in the *current* FY
- ❑ No contributions in the current FY:
 - Median of 6 contributions from the *prior* FY
- ❑ If no contributions in the prior FY:
 - Median on what contributions have been paid



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Contribution Accounting System - [View Contribution Detail: (CA0131)]

File Edit Block Record Field Query Utilities Window Help

BARRYO 07/12/2006 08:35

Account Info

Persons

SSN Last First Middle

Retirement Transactions

PPE Date	Gross Wages	EE Amount	Employer Number	Date Approved	Retire Type	Pay Type	Hours Worked	Batch Number	Date Posted
03/28/2004	516.75	26.87	210170	04/09/2004	Plan	01	0.00	10522	05/14/2004
03/14/2004	543.25	28.25	210170	04/09/2004	Plan	01	0.00	10044	04/15/2004
03/14/2004	285.01	14.82	210170	04/09/2004	Plan	01	0.00	10044	04/15/2004
02/29/2004	954.00	49.61	210170	04/13/2004	Plan	01	0.00	9590	04/15/2004
02/29/2004	973.08	50.60	210170	04/13/2004	Plan	01	0.00	9590	04/15/2004
02/15/2004	86.92	4.52	210170	04/13/2004	Plan	01	0.00	10705	04/15/2004
02/01/2004	918.89	47.78	210170	04/13/2004	Plan	01	0.00	10706	04/15/2004
01/18/2004	954.00	49.61	210170	04/13/2004	Plan	01	0.00	10704	04/15/2004
01/04/2004	1,021.97	53.14	210170	02/20/2004	Plan	01	0.00	7348	02/20/2004
12/21/2003	1,019.31	53.00	210170	01/05/2004	Plan			6727	01/14/2004

Screen from PERIS



Six Pay periods of Compensation

- ❑ 954.00
- ❑ 973.08
- ❑ 86.92
- ❑ 918.89
- ❑ 954.00
- ❑ 1021.97



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LTD Salary Calculation

954.00

$$1908.00 / 2 = 954.00$$

+954.00

1908.00

954

x 26 pay periods

$$24,804.00 / 12 = 2067.00 \text{ monthly}$$



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View Claim

This is a Retroactive Claim

[Edit](#)

Claim Information			
Claim Number:	636096	Status Type	Pending - Pending Activation Review
LTD Benefit Salary:	\$2,067.09	LTD Gross Benefit:	\$1,378.06
ASRS Salary:	\$2,067.09	Disability Date:	03/03/2004
Maximum Pay Date:	12/23/2027	Maximum years of Service Accrual	30
Benefit Effective Date:	09/03/2004	Employer:	Maricopa County

Actions:	
Effective Date:	<input type="text" value="09/03/2004"/>
Comments:	<input type="text"/>

Deny

Cancel

[Claim History:](#)

[Audit Trail](#)

Action	Date Modified	Effective Date	Status Type	Reason	Comments
Activate	07/11/2006	07/10/2006	Pending Activation Review	Waiting ASRS Approval	
Eligible	02/09/2006	02/06/2006	Pending Activation		

Screen from PERIS Online



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LTD Salary Calculation

- If the employee disagrees with the compensation the employee should contact their employer.
- To support the salary reported, a copy of the contract or a letter from the employer on their letterhead is needed.



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Social Security Disability Offsets

- ❑ 64% of Social Security benefits paid to the member and their family
- ❑ Disabled on or after 7/1/2008, 85% of Social Security benefits but not including:
 - ✓ Attorney fees
 - ✓ Any cost of living adjustments granted after LTD benefits begin



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Social Security Disability Benefit

- ❑ **LTD recipients are considered eligible to receive SSDB benefits:**
 - Until SSDB is actually awarded
 - If SSDB benefits are denied
 - If the member pursues the social security appeal process through the Administrative Law Judge (ALJ) level
 - Or until Sedgwick determines the member is not eligible for SSDB



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Social Security Disability

- ❑ **If the Claims Administrator feels that the employee could be eligible for Social Security, any suspension or termination to the LTD benefits may be deferred by:**
 - Signing a reimbursement form, and
 - Sending Sedgwick a copy of the application receipt and copies of all denials from Social Security.
 - If the member is noncompliant to requirements benefit will be reduced to \$50 and eventually claim will be terminated.



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Deductions from Monthly Benefits

- ❑ **Percentage of retirement benefits from Social Security**
 - 83% if disabled prior to 7/1/2008
 - 85% if disabled 7/1/2008 or later

- ❑ **All benefits financed in whole or in part by a Participating Employer.**



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Other Offsets

- All benefits from Worker's Compensation
- Veteran's disability payment if it is for the same or related condition
- Half of any salary received from gainful employment



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Minimum Benefit

- ❑ **No matter how much income employees receive from other sources, they are eligible for a monthly minimum benefit of \$50.00**



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Is the LTD Benefit Taxable?

- Yes, and is subject to applicable tax laws.
- If an employee's disability commenced on or after 7/1/96, 50% of the benefit is taxable.
- If an employee's date of disability is on or after 7/1/11, 47% of the benefit is taxable.
- The portion of the benefit that comes from the employer contributions is taxable.



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Maximum Duration Of Benefit

- ❑ **If the disability commences before the age of 65, benefits are payable to the later of:**
 - Earliest normal retirement or
 - The month following sixty months of benefit payments



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Normal Retirement

- **Normal Retirement is defined as:**
 - Age 65
 - 62 with 10 years of service, or
 - 80 points
 - Anyone whose membership is on or after 7/1/11:
 - Age 65
 - Age 62 with at least 10 years of service
 - 60 with at least 25 years of service
 - 55 with at least 30 years of service



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Maximum Duration Of Benefits

- ❑ **If the disability commences between 65 -68 years of age**
 - Benefit will be payable to the month following the employee's 70th birthday.
- ❑ **If the disability commences on or after 69 years of age**
 - Benefit will be payable for 12 months



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Benefits Cease

- If the member is convicted of a criminal offense and
- Sentenced to more than six months in jail
- Payments end
 - The first day of the month following thirty days of the member's confinement for the remainder of the confinement.



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Please Note:

- An employee needs to go through the employer to get the forms
- If an employee is no longer employed or the employee or employer have unresolved feelings, the employee still has the right to apply for disability.



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ASRS WEBSITE

LOCATING THE LTD CLAIM PACKET



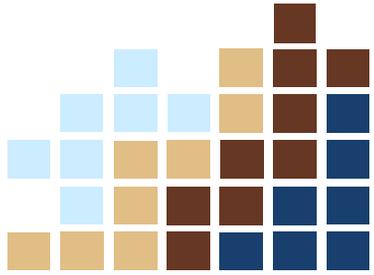
Sedgwick CMS

INFORMATION

- **Please let Barry know about changes in contact information.**
- **All information regarding the ASRS LTD plan is on ASRS website.**
- **Importance of updated claim packets**
- **Sedgwick CMS phone: (800) 495-9301**



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July Liaison Training

- **BREAK**
- PLEASE BE BACK IN 15 MINUTES

Benefit Options

Choice. Value. Health.



Long Term Disability Liaison Training

July 19-21, 2011

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Today's Agenda for Long-Term Disability (LTD)

- Long Term Disability (LTD)
 - Hartford Philosophy
 - LTD Benefits Overview
 - Claim Office Overview
 - LTD Claim Process
 - Social Security Advocacy
 - Claims Investigative Unit
 - Return to Work Coordinator
 - Common Questions

Benefit Options
Choice. Value. Health.



The Hartford's Ability Philosophy



We passionately believe that people want to lead active, productive and independent lives.

Benefit Options

Choice. Value. Health.



Long Term Disability Benefits Overview

- **What is Long-Term Disability?**

Lifestyle protection!

- **Who Pays for this coverage?**

The Hartford LTD is 100% Employer paid.

- **Why is Long-Term Disability important?**

- Every second a new disabling injury occurs in the US.

- 60% of adult Americans have NO savings for emergencies.

- In December 2010, over 2.5 million disabled Americans in their 20s, 30's and 40's are receiving Social Security Disability benefits.

Benefit Options

Choice. Value. Health.

Long Term Disability Benefits Overview (Con't)



- **Who is Eligible for Long Term Disability with The Hartford?**

Employees who are not covered by the Arizona State Retirement System (ASRS) LTD Plan.

- **What are the Long Term Disability Benefits?**

- Benefits will start after 180 days or the end of any Employer sponsored salary continuation, sick pay or Short Term Disability program.

- Benefits are 66 2/3% of monthly earnings to a maximum of \$10,000 per month.

Benefit Options

Choice. Value. Health.



Long Term Disability Benefits Overview (Con't)

- **How long can LTD Benefits Continue?**

Benefits may continue until age 65 if disabled prior to age 62. Below are the durations for benefits on employees who become disabled after age 62.

- **Age When Disabled**

Benefits Payable

Age 62

42 months

Age 63

36 months

Age 64

30 months

Age 65

24 months

Age 66

21 months

Age 67

18 months

Age 68

15 months

Age 69 and over

12 months

Benefit Options

Choice. Value. Health.



Long Term Disability Benefits Overview (Con't)

- **What qualifies for “Disabled” under the Long Term Disability Plan?**

Disability or Disabled means the employee is prevented from performing one or more of the Essential Duties of:

- 1) Their Occupation during the Elimination Period;
- 2) Their Occupation, for the 24 month(s) following the Elimination Period, and as a result the employees Earnings are less than 80% of their Pre-disability Earnings; and
- 3) after that, Any Occupation. (**Any Occupation** means any occupation that the employee is qualified by education, training or experience, and that has an earnings potential greater than the lesser of:
 - 1) the product of their Pre-disability Earnings and the Benefit Percentage;
 - or 2) the Maximum Monthly Benefit.)

Benefit Options
Choice. Value. Health.



Long Term Disability Benefits Overview (Con't)

- If an employee returns to work full-time after being out on LTD and they have to go back out for the same disability, what happens?

If the employee returns to work and has not satisfied the Elimination Period and then goes back out for a medical condition, as long as they have not returned for more than **90 days**, the LTD claim will pick back up where it was.

If the employee returns to work full-time after they have been receiving LTD benefits and then goes back out for the same disability, as long as they have not returned for more than **6 months***, the LTD claim will pick back up where it was.

****Hartford policy must still be in force.***

Benefit Options
Choice. Value. Health.



Long Term Disability Benefits Overview (Con't)

- **Does the Long Term Disability plan have any Pre-existing exclusions?**

Yes. Benefits may not be payable if the employee files a disability claim within the first 365 days they are eligible under the LTD plan.

If the employee files an LTD claim within the first 365 days of eligibility, Hartford will look back 180 days from the date the employee became eligible for LTD to determine if treatment was provided for the disability. If the employee received treatment for the disability, the claim would be denied.

If no treatment was received in the 180 day period prior to the employee becoming eligible for LTD, the claim would be reviewed for payment.

Benefit Options

Choice. Value. Health.



Long Term Disability Benefits Overview (Con't)

- **Are there any offset's to the Long Term Disability benefits?**

Yes. There is a listing of items that are offset's to the LTD benefits. Below are some of the most common:

- 1. Workers Compensation Benefits;**
- 2. 85% of Social Security Disability benefits (Employee, Spouse and Child);**
- 3. Retirement Benefits (Not including IRA's, 401(k), 403(b), or 457 deferred compensation arrangements.)**
- 4. Military Benefits (Increase or Award after Date of Disability)**

Benefit Options
Choice. Value. Health.



Long Term Disability Benefits Overview (Con't)

- **How are Mental Illness and Substance Abuse Claims handled for Long Term Disability?**

Benefits for Mental Illness and Substance Abuse will be payable:

1) for as long the claimant is confined in a hospital or other place licensed to provide medical care for the condition; or

2) if not confined, or after the claimant is discharged and still disabled, for a total of 24 month(s) during the employee lifetime.

Benefit Options
Choice. Value. Health.



Long Term Disability Benefits Overview (Con't)

- **Are there Exclusions:**

Yes. The policy will not pay a benefit for any disability caused by:

- Self inflicted injury;
- Commission of or attempt to commit a felony;
- Engaging in an illegal occupation;
- War or act of war; or
- If the employee is not under the regular care of a physician.

Benefit Options
Choice. Value. Health.



Long Term Disability Benefits Overview (Con't)

- **Additional Benefits include:**

1) **Family Care Credit** – Day care credit for children under 13. (\$350 per month for the first 12 months and \$175 thereafter to a maximum of \$2,500)

2) **Survivor Benefit** – Survivor receives 3 month lump sum benefit payment. Employee had to be receiving LTD for minimum of 6 months.

3) **Workplace Modification Benefit** – Up to \$25,000 to modify workplace to accommodate return to work.

Benefit Options
Choice. Value. Health.



Claim Office Overview

- **Long Term Disability (LTD) Claims are administered in Hartford's Sacramento, California Claim Office**
- **Highly-trained intake/claim management staff**
 - All resources U.S. based
 - Intake: Telephonic Claim Submission – Call 866-712-3443 or Web-based – www.thehartfordatwork.com
 - Interactive voice response after hours
- **Analysts available from 7 AM to 5 PM Arizona Time**
- **Call Management System – call recording, language translation line**

Benefit Options
Choice. Value. Health.

There is a Seamless transition from STD to LTD

- Half way through STD, LTD adjudicator is notified of claim to start review
- Pre-existing investigation can start
- LTD Ability Analyst takes over the STD claim and transitions it to LTD.



- Single point of contact to move to LTD
- Milestone reviews
- Early request for any additional information



Benefit Options
Choice. Value. Health.

Long Term Disability Claim Process when NO STD Coverage with The Hartford



Claim Intake

Intake

- Telephonic – Call 866-712-3443
- LTD Package sent out to claimant with 24 hours
- On-site Representative notified for Employer Certification
- Compassionate customer service reps and examiners available 7:00 a.m. to 5:00 p.m. Arizona Time
- Assigned to designated claim analyst

Adjudication & Administration

Process

- Received information is reviewed within 3 business days
- Decision made within 10 business days of complete information received
- Clinical/Behavioral Health Case Managers
- Claims Investigative Unit
- Legal Input
- 2nd level review on approvals, denials & terminations

Decision

Output

- Claimant is notified of claim decision by analyst
- Payments by Check or Electronic Funds Transfer (EFT)
- Online claim status
- Appeal Process
- 100% of Claims are audited for Quality Assurance
- Continued Claim Management

Benefit Options

Choice. Value. Health.



Fair and Objective Claim Decisions

- Physician networks ensure our ability to make fair, objective and accurate claims decisions
- Medical consultants work directly with the employee's physician to ensure thorough assessment of functionality
- Network physicians are:
 - Independent reviewers, not affiliated with The Hartford
 - Board-certified health care providers
 - In active practice within their specialty
 - Required to undergo an annual credential review

Benefit Options
Choice. Value. Health.



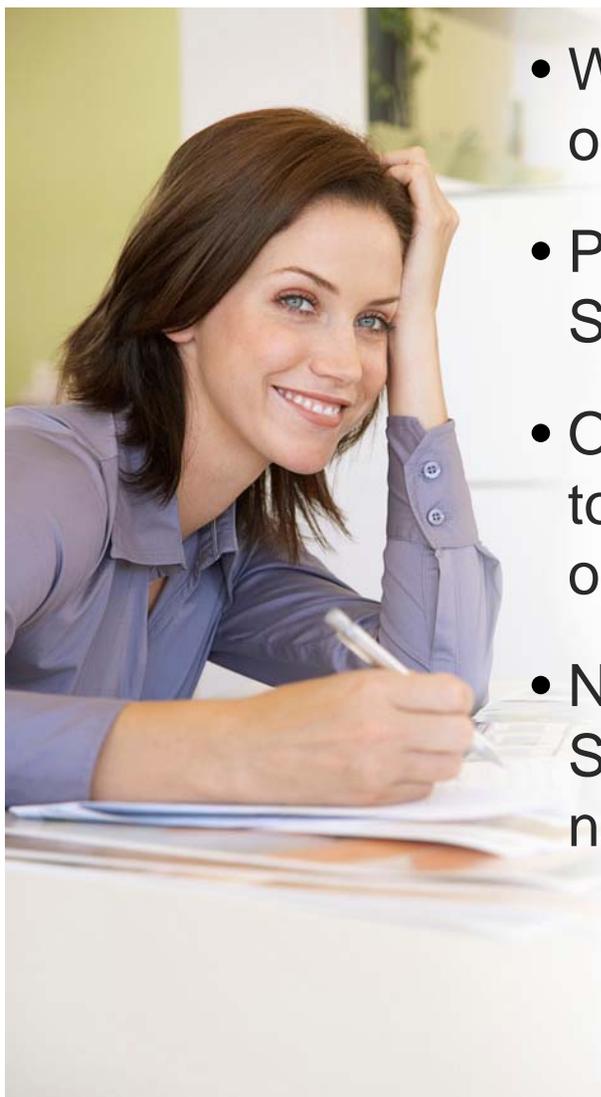
Fair and Objective Appeals Services

- Separate team ensures fair, objective and accurate decisions
- Dedicated approach provides knowledge and expertise needed to conduct comprehensive and thorough investigations

Benefit Options
Choice. Value. Health.



Social Security Disability Advocacy



- We provide disabled claimants with guidance on when to apply for Social Security benefits
- Partnership with highly qualified credentialed Social Security advocates
- Over 90 percent sign-up rate with call transfer to advocate increases likelihood of SSDI outcome
- Nearly 59 percent of claimants approved for SSDI on initial application, compared to national average of 36 percent

Benefit Options

Choice. Value. Health.

Claim Investigative Unit - Detecting and Deterring Fraud

- 100% of claims with fraud indicators are referred to CIU
- CIU team has 57 professionals
- Investigators averaging 28 years of law enforcement experience
- Dedicated approach provides knowledge and expertise needed to conduct comprehensive and thorough investigations



Benefit Options
Choice. Value. Health.



Common Question 1

What happens if the employee is approved for LTD and returns to work full-time and has to go back out? Is there another elimination period?

During the Elimination Period, the employee can attempt to return to work for up to 90 days without interrupting the Elimination Period.

After the LTD Elimination Period has been satisfied and LTD benefits are paid, the employee can attempt to return to work for up to 6* months without having to satisfy a new Elimination Period.

****Policy must remain in force.***

Benefit Options
Choice. Value. Health.



Common Question 2

When an employee is filing for LTD, what income do they have to report to The Hartford?

Any income the employee is receiving needs to be reported. The claims unit will determine if or what income could be considered an offset in accordance with the policy.

Benefit Options
Choice. Value. Health.



Common Question 3

Can an employee employee return to work part time and still receive LTD benefits?

Yes. As long as the employee continues to meet the definition of disability, for the first 24 months they return to work they are eligible to receive up to 100% of pre-disability earnings between their return to work earnings and the LTD benefit. After 24 months, the LTD benefits will offset with 50% of the return to work earnings.

Benefit Options
Choice. Value. Health.

Long Term Disability



Questions on LTD?



Benefit Options

Choice. Value. Health.