

Virginia Hybrid Disability Plan STD to LTD Transition



Short Term Disability Benefits cover an employee for up to 125 work days.

Most disabilities will resolve before the 125th work day.

However, if a disabling condition doesn't resolve by the 125th work day, it will transition into Long Term Disability.

A brief comparison:

Short Term Disability

Long Term Disability

Is paid by Employer Is paid by Anthem

Pays 60%-100%* of salary, subject to offsets Pays 60% of salary, subject to offsets

Is paid bi-weekly Is paid monthly

Duration of up to 125 days Can potentially last up until Social Security Retirement Age

*The STD benefit % will vary based on tenure. Refer to the [STD chart](#) for additional details.

Seamless Transition

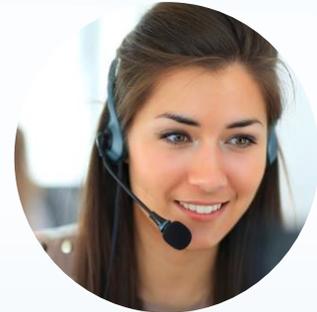
- The goal is to provide as seamless a transition between STD and LTD as possible by allowing the LTD claim review to begin while the STD claim is still active.
- The transition to LTD is initiated and driven by the STD Team, depending on the individual claim circumstances.
- While we will reach out to the HR teams to verify information, there is no action required on the part of the employee or HR teams to start the LTD transition process.



When will a claim transition to the LTD team for review?

While every claim is reviewed periodically during the STD duration, each claim is transitioned for LTD review based on the individual claim circumstances.

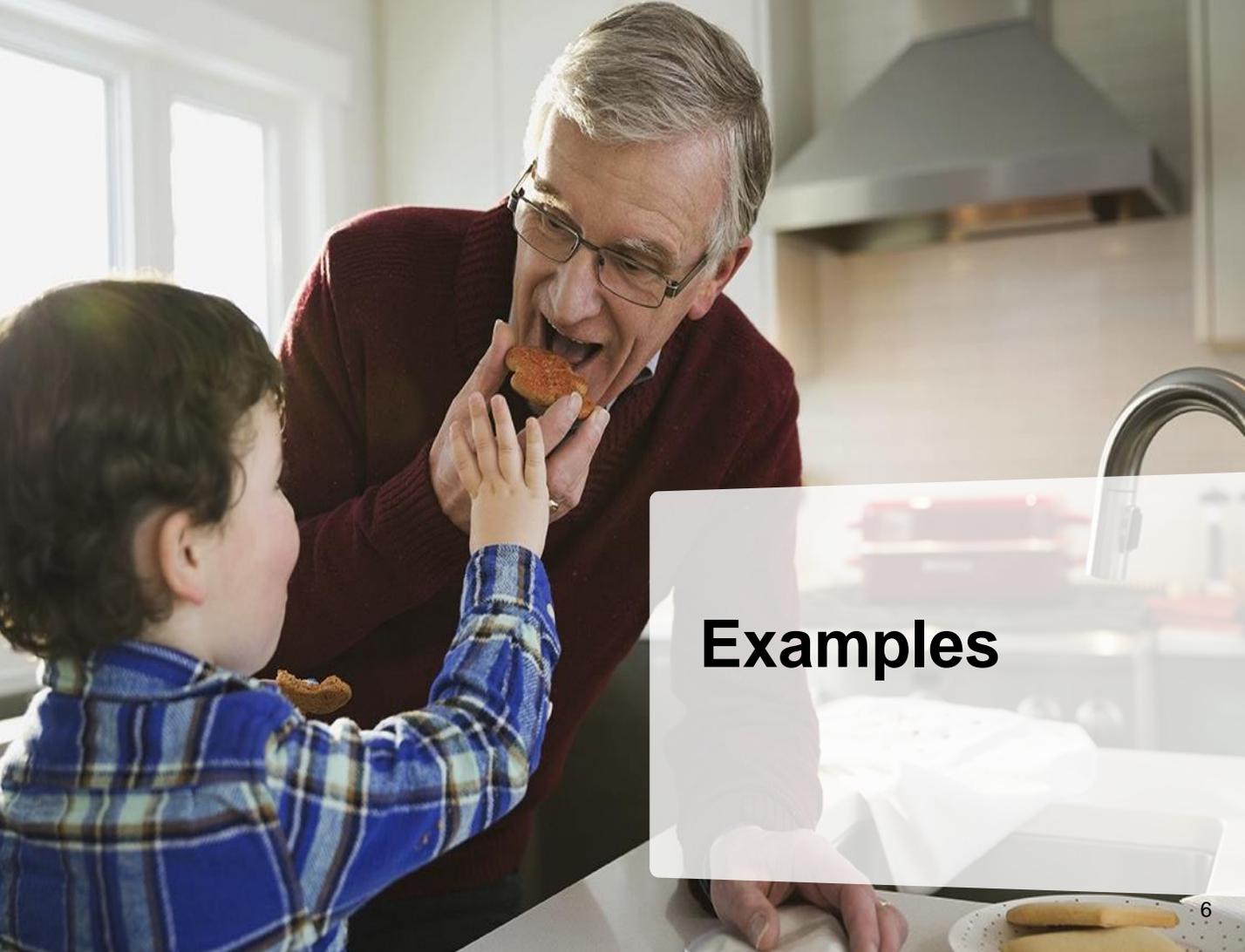
- The LTD review could come as early as the halfway mark in STD but in some cases, it may be towards the STD maximum benefit date if the claimant's condition is very dynamic.
- As soon as information is available that indicates the claim will be medically supported past 125 work days, the transition will be initiated by the STD Case Manager.



When will a claim transition to the LTD team for review?

- No matter when the LTD review begins, all STD related questions should still be directed to the STD Case Manager.
 - The STD and LTD Case Managers will collaborate to ensure a seamless transition, sharing medical information, and coordinating all requests for information.
- While the timeframe for review can vary, every claim is reviewed no later than the 100th work day to ensure a timely transition to LTD.





Examples

Transition Example #1



49 y/o Male Physical Education Teacher

- 9/16/2019 - employee suffers major stroke
- Hospitalized from 9/16/2019 – 10/2/2019
- Transferred to inpatient rehab from 10/2/2019 – 10/21/2019.
- 10/21 – Medical record received -- Patient continues with Physical Therapy, Occupational Therapy, and Speech Therapy 3 times per week from October through foreseeable future.
- Full recovery prognosis will not be known for 12-18 months post stroke event.
- Updated Medical records received on 10/21 shows employee will be unable to work for 12-18 months, which means the claim will extend beyond 125 work days.



- STD Case Manager initiates the transition to LTD.
- STD Case Manager will continue to manage the STD claim while the LTD Case Manager prepares the LTD claim.

Transition Example #2



56 y/o Female School Clerk

- 11/4/2019 -- unable to work due to Carpal Tunnel Syndrome in both wrists.
- 11/20/19 -- employee underwent left wrist Carpal Tunnel Release surgery with estimated Return to Work (RTW) in 6-8 weeks.
- 1/2/2020 -- Follow up appointment showed appropriate healing, but employee reports ongoing right wrist pain despite splint. Right Carpal Tunnel Release surgery scheduled for 1/5/2020.
- 2/20/2020 Follow up appointment – left hand is healing well, but the employee reports little relief in right wrist since 1/5/2020 surgery.
- 3/5/2020 – Follow up appointment – while employee appears to be healing well and range of motion is normal, the employee continues to report significant pain the right wrist, and is now referred to an orthopedic specialist.
- 3/17/2020 Orthopedic Visit – employee diagnosed with Dupuytren’s Contracture and sensory nerve impingement of the right wrist, likely secondary to ulnar nerve compression by the Ulnar Collateral Ligament in the elbow. Surgery decompression is recommended. Surgery is scheduled for 4/1/2020 and anticipated recovery is 10-12 weeks.

Transition Example #2– Continued

This claim is more complex than Transition Example 1. There are more unknowns with this claim. The future claim direction is less easy to project given the information at hand.

- From a claim standpoint, we know the standard recovery time for each procedure was 6-8 weeks and the claimant is beyond the usual recovery time for both procedures, yet is still out of work.
- Medical records show continued complaints of pain in the right wrist but all testing is normal which leads to the referral for more specialized care/evaluation.
- As of 3/5/2020, as the employee had been out of work for over 4 months, the records were not clear as to WHY the claimant continues to be impaired, or if the impairment is significant enough to prevent work.
- It was not until the 3/17/2020 orthopedic visit that a more clear picture of the employee's condition became apparent and a reasonable expectation of duration could be established for transition into LTD review.
- **This claim likely would not transition into LTD review until after the information from the 3/17/2020 office visit was received and reviewed by the STD case manager.
- The 125th work day was projected to be 3/15/2020. Because of the timing of the medical visits, this claim would be retroactively approved after the medical records were received on 3/25/2020.

Requirements for LTD Referral

- Expected condition duration to extend into LTD coverage period (Beyond 125 Paid Work Days).
- Medical records for review.
- Information to support any applicable LTD riders.
- Recent STD Claimant Contact (LTD Case Manager will also reach out to claimant upon transition).



LTD Elimination Period & Transitions

- Long-term disability benefits are payable after a seven-calendar-day benefit waiting period plus 125 contract work days.
 - ❑ Employees approved to receive short term disability benefits by Anthem Life who progress to a long term disability claim will not be required to complete a full long term disability claim application.
- **Each entity defines work days differently, making it essential that Anthem verify actual work days prior to the beginning of an LTD claim.**
- ****The 125th workday count excludes non-contract work days so summer break is excluded and the workday count begins with the first day of the next contract year. Contracted work days, paid holidays and snow days are to be included in the 125 workday count.**

LTD Transition and 125th Work Day

- Anthem must verify the LTD Elimination Period is calculated correctly.
 - Anthem will reach out to the HR Team to validate the 125th work day.
- It is important to note that if the claimant would remain disabled beyond any contracted period, he/she may still be entitled to benefits in a subsequent contracted period, even if the claimant separates employment.
 - LTD eligibility is triggered from Date of Disability
 - Claimant must be paid for the entirety of the 125 work day LTD Elimination Period, which may mean payments will resume at the beginning of the next contract period, regardless of employment status.

125th Day Contract Example

1/27/20 – Date of Disability

6/1/20 – Contract Ends
 • (show benefit payments from 2/3/20 to 6/1/20)

9/11/20 LTD claim begins

2/3/20 – Claim received

8/10/20 – New Contract Period Begins/STD Payments resume

45 y/o Male Bus Driver

- Out of work since 1/27/2020 due to complications from diabetes which led to a below the knee amputation of his left leg.
- The contract end date is 6/1/2020. At this time, the claimant had accumulated approximately 100 days towards the LTD Elimination Period.
- The employee’s contract was not renewed for the following year.

What does this mean for LTD Benefits?

- When the new contract year begins, this claimant must still satisfy approximately 25 days of the LTD Elimination Period before benefits are due.
- The new contract start date is 8/10/2020.
- Anthem would need to treat this as if the claimant had been employed under the new contract for purposes of his LTD Elimination Period.
- STD benefits are due for the additional 25 day period beyond 8/10/2020. LTD will begin after the 25 day period is exhausted.

Pension Contribution Benefit

- When a claimant is receiving LTD benefits AND becomes entitled to Social Security Disability, they become eligible for the Pension Contribution Benefit.
- This benefit equals 1% of their gross monthly earnings and is capped at \$500.
- The benefit check is made payable to the entity, c/o the claimant, and is mailed to the entity to be deposited into the claimant's retirement account.
- The claimant and the entity will receive an approval outlining the details of the Pension Contribution Benefit.

Example:

Claimant becomes eligible for Social Security Disability as of 2/1/2020.

His gross monthly income for his LTD claim is calculated to be \$4,250.

As of 2/1/2020, the claimant would be entitled to a Pension Contribution Benefit in the amount of \$42.50 per month.

**Note: This benefit will be retroactive to the Social Security Disability entitlement date if Social Security Disability benefits are awarded in arrears.*

FAQ's



FAQ's

How will I know when an employee will transition to LTD?

Your STD Case Manager will contact you when the claim is ready to transition. The date of the LTD transition will vary based on the diagnosis and treatment plan of each employee.

My employee isn't going to be employed next school year, and has only been paid STD for 90 work days. Why is Anthem asking for verification of the 125th work day?

The medical information we have indicates this employee will remain disabled throughout the non-contract period of the summer. We need to start our transition now so there is no delay in LTD benefits when the STD benefits resume after the summer (during the next contract period).

It's the 115th work day and I have not heard that my employee's claim has been transitioned to LTD. What should I do?

Reach out to your STD Case Manager, they will provide an update. Sometimes it's unclear whether a claim will transition to LTD until the very end of the STD benefit period.

It's only work day 40, but the STD Case Manager is indicating the claim is going to begin the transition to LTD. Why is this happening now?

- While Anthem can't disclose the nature of the employee's illness, the STD Case Manager would have received medical information indicating the claim will eventually transition to LTD. Beginning this transition as early as possible ensures there will be no interruption in benefit, and the transition to LTD will be seamless.

For employees that have been approved for LTD what other items do you need to know?

- Once the employee is eligible for LTD, you should terminate benefit coverage and notify the employee of their COBRA benefits eligibility
- You need to notify VRS that this employee is on LTD. You can do this by calling the VRS customer service line at 888-827-3847 or connecting with your VRS Account Representative
- VRS does still need the Credible Compensation information, you would need to leave them on the books in case they are approved for the 1% contribution based on the SSDI approval (that doesn't always happen with LTD).
- Additionally, once an employee is on LTD:
 - Their 4% member contribution will stop
 - They will continue to accrue VRS service credit while on LTD

What should we know if we want to terminate an employee on STD because the employee has exhausted FMLA, but is still eligible for STD and may also be approved for LTD benefits? Do employers put the employee in a transitional position? Do we have to hold the current position for the employee?

- You would need to consider all ADA and FMLA requirements that will supersede in any employment terminations. This gives you the chance to handle each situation individually. You should treat all employees consistently and establish a policy for how you will handle these situations.
- You may technically be able to terminate employment after their FMLA has expired, however you do have to keep them on the benefits throughout the STD period, you can transition them to COBRA once they move to LTD.
- It's always a good idea to run any employment decisions like this through your attorney.

Do we have to keep employee's approved for LTD on our books since we have to report credible comp to VRS monthly?

- Yes, you will need to keep them "on the books" or in your VRS system in a Leave Without Pay status.

I noticed the Pension Plan Contribution Rider of 1%, state that is ONLY if they are approved for Social Security Disability benefits. Does Anthem force the LTD claimant to file Social Security Disability?

- Anthem will not FORCE the employee to file for SSDI, but does have a team of people that help the employee through the process. Typically it is advantageous for the employee to eventually get the SSDI approval. That can take 2-3 years sometimes and Anthem has experience to help the employee through the process.
- Once Anthem receives the Notice of Award from the Social Security Administration that the LTD claimant has been approved for Social Security Disability, Anthem calculates the additional benefit due for the Pension Benefit Rider. Anthem issues a check payable to the entity, c/o the LTD claimant in the amount of the Pension Benefit (including any retroactive benefit in the first payment).
- Before sending the check, Anthem sends a letter about the Pension Benefit Rider to the LTD claimant, with a copy sent to the entity in a separate envelope from the check. The Pension Benefit Rider letter notifies the LTD claimant of the additional benefit made payable to the entity on their behalf to be applied to their VRS Pension account. The letter indicates the amount and the anticipated duration of the monthly Pension Benefit. The letter also explains the amount of any retroactive payment, as applicable; and directs the claimant to contact the entity for details on how/when the payment is applied to their VRS account.

FAQ's

If they get the Pension Plan Contribution, do we have to send 1% contribution to VRS?

- While waiting for the SSDI approval, the employer will not make the 1% payment to VRS. Once the SSDI is approved, Anthem will issue you a check, going back retroactively, with the 1% pension rider payment. You will make that payment into VRS on behalf of the employee. Then moving forward Anthem will send that payment on a monthly basis for you to deposit into the VRS account.
- For information on how to apply the payment in VRS, you will need to reach out to VRS directly for guidance.

Is there an age limit on LTD benefits?

- Yes, benefits do reduce depending on age at time of disability (this is outlined in the Anthem policy). Benefit duration is as follows:

Benefit Duration	Age at Date of Disability
Until Social Security Normal Retirement Age (SSNRA)	if disability starts less than age 60
5 years	if disability starts between ages 60-64
To age 70	if disability starts between ages 65-68
12 months	if disability starts age 69 or greater

Thank You!

Need additional support?

**Reach out to your dedicated
Hybrid Disability Account Manager
at Anthem:**

Vacorpservice@anthem.com