# Chapter 3

# Life and Long-term Disability Insurance

### State Agencies and Employer Groups

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# Introduction

This manual is intended for use as a training document only. The purpose of this manual is to assist you with the data entry of employee information that affects Health Care Authority-sponsored (HCA) PEBB insurance coverage. The following instructions pertain to information relevant to HCA insurance ONLY. If you have questions about the insurance screens or any of the insurance procedures contained in this manual, contact:

HCA (PEBB) Outreach and Training
Phone: 1-800-700-1555
HCA Support: https://support.hca.wa.gov/hcasupport

# Contact Information

| Health Care Authority | |
|---|---|
| **Employee and Retiree Benefits (ERB) Division** | |
| **Public Employees Benefits Board Program • PO Box 42684 • Olympia, WA 98504-2684** | |
| | |
| **Outreach and Training** | |
| **For Personnel / Payroll / Benefits Use Only** | |
| Outreach and Training (O&T) | 1-800-700-1555 |
| Secure messaging: | https://support.hca.wa.gov/hcasupport |
| PEBB BA website: | www.hca.wa.gov/pebb-benefits-administrators |
| Find forms and order Materials: | www.hca.wa.gov/pebb-benefits-admins/forms-and-publications |
| Fax Number: | (360) 725-0771 |

# Life Insurance

## *Enrollment – Newly Eligible Employees*

Newly eligible employees have 31 days from the date they become eligible to complete enrollment in supplemental life insurance and supplemental AD&D. *(For example: An employee who is eligible to apply for benefits on February 8 has 31 days, or until March 10, to enroll in supplemental life insurance)*

Employees may complete a paper enrollment form* or complete enrollment through MetLife's online portal *(MyBenefits)*. We recommend, for now, newly eligible employees complete the paper form due to timing issues with MetLife receiving eligibility. MetLife must receive the form no later than 31 days from the date the employee becomes eligible for benefits.

*Employees working outside the US <u>must</u> complete a paper form to enroll in supplemental life insurance.*

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***** A.45 - LIFE COVERAGE *****                     MAPA451

SOC SEC NUMBER : 999 99 0024              NAME : SAMUELS, SAM OSCAR
AGENCY: 095  SUB AGENCY:           LIFE ENROLLED   : Y
ELIGIBILITY TYPE      : Y          ENR EFF/END DATE: 01 01 2019
=======PART====== ======CURRENT====== ======DESIRED======    ==PEND/APPROVAL==
                  ENR COV   EFF DATE  ENR COV  EFF DATE     IND    DATE
EMPLOYEE BASIC   : Y         01 01 2019
EMPLOYEE SUPPL   : N
DEPENDENT BASIC  : N
SPOUSE BASIC     : N
SPOUSE SUPPL     : N
SUPPLEMENTAL AD&D: N
AD&D W/DEPENDENTS: N


  RETIREE        : N


PREMIUM EMPLOYEE     :         EMPLOYEE AGE   : 39      SPOUSE AGE:  33
SMOKER INDICATOR     :         SMOKER EFF DATE:        ACCEL LIFE:


NEXT FUNCTION: A 46  TYPE: I SSA: 999 99 0024 AGY: 095 SUB:    PAY ACTION:
INQUIRY ONLY       ENTER-NXT, PF1-HELP, PF2-RETURN, PF3-SYSTEM, PF9-HISTORY
```

**Basic Life Insurance** – Enrolled in Pay1 on the A.45 screen when eligibility is set to "Y" or "X" on the A.41 screen. See Chapter 2 of this manual.

**Supplemental Life Insurance** – MetLife is the system of record for supplemental life insurance. Nothing is entered into Pay1 for an employee for supplemental life insurance.

Employees may apply for supplemental life and AD&D at any time. Carrier approval will be required for enrollment in supplemental life insurance after the 31 days of initial eligibility or if the employee requests an amount greater than the guaranteed issue amount.

See the Life Administration Manual for more information.

# Long-Term Disability

**Important:** See the [updated instructions for keying long-term disability insurance enrollment in the PAY1 Insurance System](#).

## *Final Action Notice (FAN)*

A FAN is issued by The Standard Insurance Company when employee-paid coverage requires approval. Approval is required when an employee:

- Requests employee-paid LTD outside of the initial 31 days of eligibility, and

- Requests a decrease in the employee-paid LTD waiting period

The employee must submit an *Evidence of Insurability* form to The Standard Insurance Company and an *LTD Enrollment/Change* form to the employer.

When The Standard makes a decision, a Final Action Notice (FAN) will be issued to the employer and the employee advising of the approval, denial, or closure of the request.

A request may be closed if The Standard does not receive all requested information from the employee in a timely manner. Standard may re-open a closed request when they receive the information or require the employee to resubmit the request.

```
            ***** A.46 - LTD COVERAGE *****              MAPA461

SOC SEC NUMBER: 999 99 0024              NAME : SAMUELS, SAM OSCAR

AGENCY        : 095          _       LTD ENROLLED    : Y
SUB AGENCY    :                      ENR EFF/END DATE: 01 01 2019

== PART ==   ====== CURRENT ======  ====== DESIRED ======   == PEND/APPROVAL ==
             ENR  COV   EFF DATE    ENR  COV   EFF DATE       IND     DATE

BASIC   :    Y          01 01 2019

OPTIONAL :   Y    120   01 01 2019



PREMIUM  EMPLOYEE:       .00     ELIM. PERIOD PERCENT:   .360
RETIREMENT SYSTEM:    OTHERS



NEXT FUNCTION: A 41 TYPE: I SSA: 999 99 0024 AGY: 095 SUB:     PAY ACTION:
INQUIRY ONLY     ENTER-NXT, PF1-HELP, PF2-RETURN, PF3-SYSTEM, PF9-HISTORY
```

*Note: Employees are automatically enrolled in employee-paid LTD at the 60-percent coverage level and may choose to reduce to the 50-percent coverage level or decline employee-paid LTD at any time. If the employee chooses to enroll in employee-paid LTD or increase to the 60-percent coverage level after their initial 31-day eligibility window, Evidence of Insurability will be required.*

*Annual open enrollment allows employees to make changes to medical and dental insurance only.*

## *Enter the Requested Change*

When the employing agency receives an *LTD Enrollment/Change* form requesting employee-paid LTD outside of the initial 31 days of eligibility the request is entered into Pay1 on the A.46 screen.

```
REQUIRED APPROVAL - PLEASE SEND FORM TO THE CARRIER
                    ***** A.46 - LTD COVERAGE *****                    MAPA461

SOC SEC NUMBER: 999 99 0024                   NAME : SAMUELS, SAM OSCAR

AGENCY        : 095                  LTD ENROLLED    : Y
SUB AGENCY    :                      ENR EFF/END DATE: 01 01 2019

== PART ==  ====== CURRENT ======  ====== DESIRED ======   == PEND/APPROVAL ==
            ENR  COV   EFF DATE    ENR  COV   EFF DATE       IND     DATE

BASIC    :  Y          01 01 2019

OPTIONAL :  Y    120   01 01 2019        090   02 01 2019     P    02 14 2019




PREMIUM  EMPLOYEE:       .00     ELIM. PERIOD PERCENT:   .360
RETIREMENT SYSTEM:    OTHERS




NEXT FUNCTION: A 41 TYPE: I SSA: 999 99 0024 AGY: 095 SUB:    PAY ACTION:
INQUIRY ONLY     ENTER-NXT, PF1-HELP, PF2-RETURN, PF3-SYSTEM, PF9-HISTORY
```

1.  Log into the Pay1 system.

2.  Access the employee's record.

3.  On the command line, key A.46 in the Next Function field. Key "U" in the Type field. Enter. The A.46 screen displays in Update mode.

4.  Tab to the DESIRED field for OPTIONAL.

    •   If the employee is already enrolled in employee-paid LTD and is making a change, tab through the ENR field. Key the requested waiting period in the COV field. Key a future date in the EFF DATE field.

    •   If the employee is enrolling in employee-paid LTD for the first time, Key a "D" for the 60-percent coverage level or a "B" for the 50-percent coverage level in the ENR field. Key "090" for the waiting period in the COV field. Key a future date in the EFF DATE field.

5.  On the command line, enter A.46 in the Next Function field. Key "I" in the Type field. Select F10 to update.

    A "P" will populate the IND field in the PEND/APPROVAL column.

## Enter the Decision

Approvals, denials, and closures must be entered into Pay1 when the FAN is received.

Prior to keying the information into Pay1, verify all information is correct, the requested coverage requires approval, and the *LTD Enrollment/Change* form was completed correctly. *Note: Refer to the [LTD Administration Manual](#) for issues pertaining to FANs.*

1. Upon receipt of the FAN, verify the agency number is correct.

2. Look up the employee in Pay1.

3. On the command line, key A.41 in the Next Function field. Key "I" in the Type field. Enter. The A.41 screen displays in Inquiry mode.

4. Verify the requested coverage required approval.

    a. Check the hire date in your payroll system and the signature date on the form. Is the date within 31 days of the employee's initial eligibility?

        i. If the answer is Yes, approval is not required.

        ii. If the answer is No, approval is required.

5. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Enter. The A.46 screen displays in Inquiry mode.

6. Verify that the coverage amounts listed on the FAN match the requested amount keyed into the system. *Note: If the coverage amount does not match, review your copy of the employee's LTD Enrollment/Change form to verify the requested benefit waiting period was entered correctly in Pay1.*

7. If the benefit waiting period pended in Pay1 is incorrect, correct in the DESIRED column when you enter the approval.

8. If the benefit waiting period on the FAN is incorrect, contact The Standard and request an updated FAN.

## Approval

1. If the information on the FAN has been verified and is correct (see above for verification), and the employee has been approved for the requested benefit waiting period, key the approval into Pay1.

2. On the command line, key A.46 in the Next Function field. Key "U" in the Type field. Enter. The A.46 screen displays in Update mode.

3. Enter the effective date under the DESIRED column. The effective date is the first of the month following the approval date on the FAN. *(e.g., if The Standard approved the coverage on August 1, the effective date would be September 1)*

4. Tab to the Indicator field under the Pend/Approval column. Change the "P" to an "A" for approved.

5. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Select F10 to update**.**

   *Note: Depending on where your agency is in the invoicing cycle, the coverage may move to the Current column or may remain in the Pend/Approval column until your next invoicing cycle. Set a reminder to check the record after the invoicing cycle completes to verify the coverage has moved to the Current column. If the coverage has not moved after the invoicing cycle, contact HCA Accounting through HCA Support.*

6. Depending on the effective date, the employee may owe back premiums. Send an email to HCA Accounting through HCA Support indicating back premiums to be collected. Notify the employee of any back premiums due.

7. Make a notation on the FAN that includes the date the decision was entered, who entered the decision, the effective date of the coverage, and any other pertinent information. Place the FAN in the employee's file.

   *Note: If the FAN was keyed with a retro-effective date, a manual adjustment may be necessary in your payroll system. **State Agencies using HRMS** – The day after the approval is entered, verify that the effective date in HRMS matches the effective date in Pay1 for the coverage. If the dates do not match, make a manual adjustment in HRMS, and notify HCA Accounting through HCA Support.*

## Denial or Request Closed

1. On the command line, key A.46 in the Next Function field. Key "U" in the Type field. Enter. The A.46 screen displays in Update mode.

2. Tab to the IND field under the Pend/Approval column. Change the "P" to a "D" for denied or "C" for closed. *Note: Do not change the effective date when a request has been denied or closed.*

3. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Select F10 to update**.** Verify the changes are accepted.

   Make a notation on the FAN that includes the date the decision was keyed, who keyed the decision, and any other pertinent information. Place the FAN in the employee's file.

## Enter Pending Waiver

During the time the LTD benefits are waived, the employee's insurance will continue without payment of premiums. A premium waiver should be pended in the system until the final decision is received. *Note: Refer to the* [LTD Administration Manual](#) *for instructions for filing a claim.*

1. Log into the Pay1 system.

2. Access the employee's record.

3. On the command line, key A.46 in the Next Function field. Key "U" in the Type field.  Enter. The A.46 screen opens in Update mode.

4. Tab to the Enrollment field under the DESIRED column, next to the insurance to be waived. This includes both employer-paid (basic) and employee-paid (supplemental/optional). Key a "W" for waived.

5. Key the effective date in the EFF Date field under the DESIRED column. This should be the first day of the month following the last day worked.

6. Repeat steps for each insurance type.

7. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Select F10 to update. Verify the changes are accepted.

   The request to waive premiums will pend for approval from The Standard.

   Submit copies of the completed *LTD Employer's Statement* to Standard, copies of the employee's *LTD Enrollment/Change* forms, current Classification Questionnaire (CQ) and any documentation from Section 7 of the claim form. Be sure to keep copies for yourself.

   If the employee is still in pay status, continue to collect employee-paid premiums until notification of the decision is received. When you receive a premium waiver letter from The Standard, complete the approval, denial, or closure.

## Enter Waiver Decision

1. Upon receipt of the letter, access the employee's record in Pay1.

2. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Enter. The A.46 screen opens in Inquiry mode.

3. Verify the agency number on the letter.

4. Verify the waiting period listed in the letter matches the waiting period in the system.

# Approval

1. On the command line, key A.46 in the Next function field. Key "U" in the Type field. Enter. The A.46 screen opens in Update mode.

2. If the request to waive was not entered already, tab to the ENR field under the DESIRED column, next to the insurance to be waived. This includes both employer-paid and employee-paid. Key a "W" for waive.

3. Key the effective date under the DESIRED column. The effective date is always the first of the month the claim is payable. To find the date on the claim approval letter, look at the adjusted net benefit for both the employer-paid and employee-paid. Use the earliest date. *(e.g., if The Standard approved the* employer-paid *claim for August 8–August 31 and the* employee-paid *claim July 8– July 31 (difference in waiting period—90 days for* employer-paid *and 60 days for* employee-paid*), the effective date is July 1)*

4. Tab to the IND column in the PEND/APPROVAL column. Key "A" for approval.

5. Repeat steps if the claim includes employee-paid.

6. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Select F10 to update. Verify the changes are accepted.

   *Note: Depending on where your agency is in the invoicing cycle, the coverage may move to the CURRENT column or may remain in the PEND/APPROVAL column until your next invoicing cycle. Set a reminder to check the record after the invoicing cycle completes to verify the waiver has moved to the CURRENT column.*

   Depending on the approval date, the employee may be eligible for a refund. Send an email to HCA Accounting through [HCA Support](#) indicating the refund amount. Notify the employee of the refund amount and process the refund.

7. Make a notation on the letter that includes the date the decision was keyed, who keyed the decision, the effective date of coverage, and any other pertinent information. Place the premium waiver letter in the employee's file.

   *Note: If coverage was entered with a retro-effective date, a manual adjustment may be necessary in your payroll system.* **State Agencies using HRMS** *– The day after the approval is entered, verify that the effective date in HRMS matches the effective date in Pay1 for the coverage. If the dates do not match, make a manual adjustment in HRMS, and notify HCA Accounting through [HCA Support](#).*

## Denial or Closure

*Note: It is not necessary to key a denial or closure if the initial request was not keyed and is not pending.*

1. On the command line, key A.46 in the Next function field. Key "U" in the Type field. Enter. The A.46 screen opens in Update mode.

2. Tab to the IND column in the PEND/APPROVAL column. Key "D" for denied or "C" for closed.

3. Repeat for employee-paid coverage.

4. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Select F10 to update. Verify the changes are accepted.

5. Make a notation on the letter that includes the date the decision was entered, who entered the decision, and any other pertinent information. Place the premium waiver letter in the employee's file.

## *Reinstate Coverage after Waiver*

The employer must notify The Standard any time there is a change in work status of an employee. When the employee returns to work full-time, regular duty, the employer will reinstate employee-paid coverage. If the coverage is not reinstated in the Pay1 system, premiums will not be deducted.

1. Log into the Pay1 system.

2. Access the employee's record.

3. On the command line, key A.46 in the Next Function field. Key "U" in the Type field. Enter. The A.46 screen opens in Update mode.

4. Tab to the ENR field under the DESIRED column next to the coverage to be reinstated. Key "Y" for employer-paid (basic) LTD and a "D" or "B" (whichever level of coverage the employee had prior to the waiver) if reinstating employee-paid (optional) LTD.

5. Tab through the COV field. Do not enter the benefit waiting period.

6. Key the effective date under the DESIRED column. The effective date is the first of the month following the date the employee returned to work full-time, regular duty. *(e.g., if the employee returns to work on August 1, the effective date is September 1)*

7. Repeat steps for employee-paid if the employee had employee-paid LTD waived.

8. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Select F10 to update. Verify changes are accepted.

   *Note: Depending on where your agency is in the invoicing cycle, the coverage may move to the CURRENT column or may remain in the PEND/APPROVAL column until your next*

*invoicing cycle. Set a reminder to check the record after the invoicing cycle completes to verify the coverage moved to the CURRENT column. If the coverage has not moved after the invoicing cycle, contact O&T through [HCA Support](HCA Support).*

9. Depending on the effective date, the employee may owe back premiums. Send an email to HCA Accounting through [HCA Support](HCA Support) to resolve reinstatement. Notify the employee of any back premiums due.

   *Note: If coverage was entered with a retro-effective date, a manual adjustment may be necessary in your payroll system. **State Agencies using HRMS** – The day after the approval is entered, verify that the effective date in HRMS matches the effective date in Pay1 for the coverage. If the dates do not match, make a manual adjustment in HRMS, and notify HCA Accounting through [HCA Support](HCA Support).*

## Terminate LTD Coverage

1. Log into the Pay1 system.

2. Access the employee's record.

3. On the command line, key A.46 in the Next Function field. Key "U" in the Type field. Enter. The A.46 screen displays in Update mode.

4. Tab to the ENR field under the DESIRED column, next to employee-paid. Key "N."

5. Key the effective date under the DESIRED column in the EFF DATE field. The effective date is the last day of the month of the signature date. *(e.g., if the employee signed the form on August 15, the effective date is August 31)*

6. On the command line, key A.46 in the Next Function field. Key "I" in the Type field. Select F10 to update. Verify the changes are accepted.

   If the effective date of termination is in the current processing month or a future date, the termination will pend until the invoicing cycle completes. Set a reminder to check the record after the invoicing cycle completes to verify the coverage has moved to the CURRENT column. If the coverage has not moved after the invoicing cycle, contact HCA Accounting through [HCA Support](HCA Support).

   If the effective date is a past date, the request will move to the CURRENT column. The employee may be owed a refund. Notify the employee of the refund amount and process the refund.