

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

Eligibility and Enrollment

Employees approved for Virginia Sickness and Disability Plan (VSDP) benefits may enroll in the State Retiree Health Benefits Program as long-term disability (LTD) participants within 31 days of their termination from active employee coverage, or eligibility for active coverage, at the end of the month in which short term disability (STD) is exhausted. If short-term disability benefits end on the last day of the month and long-term disability benefits begin on the first day of the following month, the employer contribution ends on the last day of the month in which short-term disability ends, and the full cost of coverage must be paid starting with the first day of coverage as a long-term disability participant. An employee who had waived active coverage, but remained eligible, may also exercise this enrollment opportunity.

Employees covered by university-sponsored long-term disability programs may also enroll in retiree coverage if they do so within 31 days of their loss of active coverage if they are otherwise eligible for coverage in the retiree group.

The following options are available:

- Maintaining existing plan and membership
- Enrolling in single coverage from active waive status
- Waiver of coverage as an LTD participant (which maintains eligibility for the program)
- Waive to be covered as a family member under the active employee plan or another retiree membership (if added to another retiree membership, they would return to coverage in their own right when becoming eligible for Medicare)
- Reduction of membership level
- Plan change

NOTE: Adding eligible family members at the start of LTD coverage is not allowed unless there is a separate qualifying mid-year event that is consistent with the addition.

Termination of Active Coverage

If an employee exhausts short-term disability and does not return to work, he or she is no longer eligible for coverage as an active employee. It is the agency's responsibility to terminate active coverage based on the end of short-term disability if the employee does not return to work. Failure to terminate active coverage will result in the agency continuing to pay the employer contribution for an ineligible participant. It will also delay billing of the appropriate LTD premium, resulting in a substantial retroactive premium obligation to the participant.

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

However, an agency that continues to pay the employer contribution for an employee who should have been moved to LTD will generally not be adjusted for more than 59 days (see “Retroactivity”), and the agency’s contribution for any period beyond that time limit will be lost.

End of STD without approval of LTD

If an employee exhausts STD benefits and does not return to work, the employee is no longer eligible for the active employee program and must be terminated at the end of the month in which STD benefits end. If LTD benefits have not been approved, it is recommended that you offer coverage as an LTD participant pending approval, in addition to offering Extended Coverage/COBRA due to the “reduction of hours” qualifying event. If the employee enrolls in coverage as an LTD participant and is later determined to be ineligible for LTD benefits, he or she may be moved to Extended Coverage/COBRA. (If the employee is enrolled as an Extended Coverage/COBRA participant and is later approved for LTD, a refund of the Extended Coverage administrative fee will be made.) One exception would be an employee who is in “waive” status at the end of short-term disability since he or she would not be eligible for Extended Coverage. In that case, terminate waive status at the end of the month during which STD ends, and consider holding off enrollment as an LTD participant until LTD has been approved.

Positive Enrollment Action for LTD Participants

An Enrollment Form should be submitted within 31 days of the end of active employee coverage to preserve eligibility as an LTD participant, even if the request is to waive coverage. If no action is taken, coverage will generally be considered terminated for the duration of the LTD period.

Returning from LTD Waive Status

An LTD participant who waives coverage per DHRM policy can return to the program with a consistent qualifying midyear event or, if not eligible for Medicare, at open enrollment. All other policy related to qualifying mid-year events and open enrollment would apply.

Changes Allowed for LTD Participants

After enrollment as an LTD participant, changes to plan and membership can be made as follows:

- Changes to plan or eligible membership (including enrollment or waiver) can be made when they are consistent with the occurrence of qualifying mid-year events.

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

- Change to plan or eligible membership (including enrollment or waiver) can be made at Open Enrollment (non-Medicare Enrollees only)
- Reduction of membership can be made prospectively at any time
- Coverage may be cancelled prospectively at any time, but if an LTD participant cancels coverage without a qualifying mid-year event or outside of open enrollment, he or she may not return to the program for the duration of LTD.

Medicare and LTD

Because LTD participants and their covered family members are no longer covered based on current employment, Medicare becomes the primary payer for those who are eligible. Like retirees, Medicare-eligible LTD participants and their Medicare-eligible family members who are covered by the State Retiree Health Benefits Program must select a plan that coordinates with Medicare. These include:

- Advantage 65
- Advantage 65 with Dental/Vision
- Advantage 65 Medical Only
- Advantage 65 Medical Only with Dental/Vision

If some covered family members are eligible for Medicare and some are not, all must choose a plan based on their own Medicare eligibility. This will result in family members having different coverage.

LTD participants must report Medicare eligibility for themselves or covered family members immediately. Failure of an LTD participant to report Medicare eligibility for any covered family member can result in reversal of primary payments made in error and a potential gap in coverage. Consult the ***Medicare and the State Retiree Health Benefits Program*** Retiree Fact Sheet for more information about the effect of Medicare eligibility on the state retiree program and responsibilities of enrolling in Medicare Parts A and B.

LTD-Working Status

Employees who exhaust STD benefits and are moved to LTD-working status will continue to receive the employer contribution toward their health plan premium (no change in plan or membership other than through a QME or open enrollment). However, once an employee has been moved to LTD (not working), he or she may not return to LTD-working status. LTD participants returning to modified work schedules or job duties (as determined by Unum) will continue their coverage as an LTD participants until released to return to full duty, during which time they must pay their full health plan premium.

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

LTD and Extended Coverage

Participants' right to enroll in the State Retiree Health Benefits Program at the start of LTD runs concurrently with their right to Extended Coverage if they had coverage prior to the Extended Coverage qualifying event (reduction of hours). If an LTD participant enrolls in LTD coverage and then ceases to be disabled before the end of the 18-month Extended Coverage period based on the Extended Coverage qualifying event, he or she may exercise the remaining months of Extended Coverage. However, if no election was made at the start of LTD and/or the Extended Coverage election period has expired, no additional coverage should be offered.

Premiums

LTD participants must pay the full cost of their health plan coverage (no agency contribution). Eligibility for the Health Insurance Credit will be determined as a separate benefit by the Virginia Retirement System. All LTD participants will be billed for their monthly premium by the billing agent for their claims administrator as follows:

Claims Administrator	Billing Agent
Anthem Blue Cross and Blue Shield – COVA Care, COVA HDHP, or Advantage 65 Plans	Anthem Blue Cross and Blue Shield*
Aetna – COVA HealthAware Plans	Payflex
Kaiser Permanent HMO	Kaiser Permanente

*Anthem can arrange for automatic bank draft of direct bill premiums and can also accept payment by telephone.

LTD participants who fail to pay their premium within 31 days of the due date on their billing statement are subject to termination. Once terminated, they may not return to the state program for the duration of long-term disability.

Family members covered under different plans due to Medicare eligibility will be billed separately. All Medicare-primary memberships are billed separately. For family groups in which there are Medicare-eligible and non-Medicare-eligible family members, the total of all premiums will not exceed the family membership level for the non-Medicare plan in which the non-Medicare family members are enrolled.

Communicating with Employees Ending STD

The following sample letter may be sent to employees ending STD to assist them in making a decision regarding coverage as an LTD participant. This letter may need to be revised for those who were waived as an active employee since there

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

would be no need for an Extended Coverage offer if coverage did not exist before the qualifying event.

SAMPLE CORRESPONDENCE:

Dear XXXXX

Your short-term disability ends on (insert date). If you are unable to return to full duty at that time, your State Health Benefits Program coverage as an active employee will terminate at the end of the month in which your short-term disability ends. If you are approved for long-term disability (LTD) benefits under the Virginia Sickness and Disability Program (VSDP), you may elect to continue or enroll in coverage under the provisions of the State Retiree Health Benefits Program. Under this program, the participant pays the full cost of coverage. Contact the Virginia Retirement System regarding eligibility for the Health Insurance Credit Program.

A fact sheet describing your health plan options is attached to assist you in making enrollment decisions. You must submit your State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants within 31 days of the date that your active coverage ends. Failure to submit an Enrollment Form will result in loss of eligibility to enroll in the program for the duration of your LTD period. You may, however, submit your Enrollment Form to waive coverage and preserve your right to re-enroll at a later date as allowed by Department of Human Resource Management policy.

Your enrollment in the State Retiree Health Benefits Program runs concurrently with your right to enroll in Extended Coverage (COBRA). You have a right by law to exercise your Extended Coverage benefits instead of continuing your coverage through VSDP/LTD. However, Extended Coverage benefits allow for only 18 months of continuation coverage from the start of coverage as an LTD participant. In addition, an administrative fee is added to your Extended Coverage premium (but not to your premium for coverage as an LTD participant).

If you elect to enroll in coverage through the VSDP/LTD program, you may continue coverage for the duration of your LTD period per the program provisions. If you terminate LTD before the full period of concurrent Extended Coverage has concluded, you will have the opportunity to continue coverage until the full Extended Coverage period is exhausted, as long as your Extended Coverage Election Form is submitted within 60 days of your loss of coverage

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

under the LTD program. An Extended Coverage Election Notice and Election Form are attached for your use.

If, at the end of your short-term disability period, you have not been approved for LTD benefits, you may enroll for retiree group coverage pending approval of LTD. If your LTD benefit is later denied, your enrollment will be changed to Extended Coverage, as appropriate, and any administrative fee not billed during the interim period will be waived. Waiver of coverage under the LTD program terminates your right to Extended Coverage after the original election period.

Please be sure to read the enclosed materials carefully to ensure that you are aware of your rights and obligations.

Enclosures:

- State Retiree Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants
- Extended Coverage Election Notice
- Retiree Fact Sheet - *VSDP/LTD Participants and the State Retiree Health Benefits Program*

University-Sponsored LTD Plans

LTD participants in university-sponsored LTD plans may enroll in the State Retiree Health Benefits Program within 31 days of their loss of active coverage if they are otherwise eligible for the program. These participants will be identified in BES in agency 007, group 004 and will continue to be administered by their pre-LTD agency. Coordinating these plans with the state program can create unusual eligibility issues. Contact the Office of Health Benefits for assistance.

Employees in these plans may remain in the state program as long as they continue to be covered under the disability plan or become otherwise eligible to participate (e.g., as an immediate, not deferred, service retiree). Employees covered under these programs will not, however, have an additional opportunity to enroll in the state program beyond the initial eligibility period within 31 days of loss of active coverage. New eligibility for LTD coverage, with a break between active coverage and LTD or between two LTD cases, will not provide a separate LTD enrollment opportunity. Cases where there is a conflict between disability benefits (e.g., traditional disability plan versus university-sponsored LTD program) will be determined on an individual basis to ensure equitable opportunities for enrollment in the retiree program.

Retirement from LTD

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

LTD participants who retire with an immediate VRS benefit (not deferred) may enroll in retiree coverage within 31 days of their retirement date if otherwise eligible for coverage, regardless of their participation during LTD.

Rehire from LTD

Participants who have been on LTD for less than 30 days and return to work without a break in eligibility for program coverage must return to the same health plan elections that they had before going on LTD.

Like starting LTD, rehire from LTD after 30 or more days also requires a positive enrollment action. The following enrollment guidelines:

- If the employee has maintained coverage during LTD but reduced membership, the employee may increase membership upon his or her return to work.
- If coverage has been waived or terminated during LTD, the returning employee may make an election just as if he/she were a new employee.
- If a timely election is not made upon returning to work, the employee may enroll at Open Enrollment or upon the occurrence of a consistent qualifying mid-year event.

All employees who return to work from LTD (30 or more days) should complete an Enrollment Form within 30 days of their return to work date in order to obtain active employee coverage. The 30 days begins on the first day that the employee returns to work.

If LTD ends, health plan coverage will end the last day of the month in which LTD ends. If the LTD participant is rehired with a break that extends into a new month, there will be a break in eligibility for coverage.

Example #1: LTD ends March 15; LTD health plan coverage ends March 31; LTD participant is rehired April 2 (or later). There is a break in eligibility for coverage between the end of LTD coverage (March 31) and eligibility for coverage as a new hire (May 1).

Example #2: LTD ends March 15; LTD health plan coverage ends March 31; LTD participant is rehired March 16 (or any date through April 1). Active employee coverage starts April 1—no break in eligibility.

Otherwise, active employee coverage with the agency contribution will begin as follows:

- If coverage was maintained during LTD, there was no break in eligibility for the program, and enrollment for active employee coverage is completed

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

within 30 days of the return to work, the agency contribution* will begin the first of the month after the end of LTD.

- If coverage was waived or terminated during LTD and there is no break between the end of LTD and the re-hire, the agency contribution* will begin the first of the month after the end of LTD as long as the enrollment is completed within 30 days of the return to work.

Example #1: Employee goes on LTD on June 8 and is covered by active coverage until June 30 under a family plan. The employee then makes a timely election to reduce coverage to single at the start of LTD coverage effective July 1. LTD ends on July 10 (more than 30 days from June 8), and the employee returns to work on July 11. LTD coverage continues until the end of July (at full cost). The employee submits an Enrollment Form on August 2 to enroll in family coverage as an active employee. Family coverage begins effective August 1 with the agency contribution.*

Example #2: Employee goes on LTD on June 8 and is covered by active coverage until June 30 under a family plan. The employee then waives coverage for the start of LTD effective July 1. LTD ends on July 20 (more than 30 days), and the employee returns to work on July 21. The employee submits an Enrollment Form on August 2 to enroll in family coverage as an active employee. Family coverage begins effective August 1 with the agency contribution*. If the form is received in July, the active coverage would still begin August 1 since August 1 is the first of the month after the end of LTD AND the first of the month after the rehire.

Example #3: Employee goes on LTD on June 8 and is covered by active coverage until June 30 under a family plan. LTD ends on August 10. LTD coverage ends on August 31. The employee is rehired on August 29 and submits an enrollment form on September 15. Coverage with the employer contribution begins on September 1. The break between August 10 and August 29 does not result in a break in eligibility for the program.

Example #4: Employee goes on LTD on June 8 and is covered by active coverage until June 30 under a family plan. LTD ends on August 10. LTD coverage ends on August 31. The employee is rehired on September 2 and submits an enrollment form on September 15. Coverage with the employer contribution begins on October 1. The break between August 10 and September 2 results in a break in eligibility for the month of September. (In this case, there would still be COBRA eligibility available based on the original reduction of hours event, but that will vary based on timing.) Options would be the same as those offered to a new employee.

Long Term Disability (LTD) - Virginia Sickness and Disability Plan (VSDP) and Other LTD Programs

*References to the agency contribution assume that the employee is eligible for the agency contribution (e.g., full-time classified employees).

Resources

Retiree Fact Sheet “**VSDP/LTD Participants and the State Retiree Health Benefits Program**” includes information specifically related to health plan coverage for LTD participants and can be provided to employees transitioning to LTD.

Retiree Fact Sheet “**Medicare and the State Retiree Health Benefits Program**” can provide additional information regarding coordination of Medicare and the state program. Also, “**Prescription Drug – Medicare-Eligible Participants**” provides information regarding the state program’s Medicare Part D prescription drug plan for Medicare-primary participants.

Fact sheets can be found at:

<http://www.dhrm.virginia.gov/hbenefits/retirees/factsheet.html>