

# BENEFIT facts:

CHAMBERS OF COMMERCE GROUP INSURANCE PLAN®

## Health and Dental Coverage for Disabled Employees

When one of your employees becomes disabled and has been approved for Group Long Term Disability (LTD) benefit payments, what happens to their health and dental benefits? Do they continue indefinitely? Do they contribute towards the cost of their health and dental benefits? How do you balance your corporate responsibility to your employee while addressing your fiscal responsibility to your company?

Whatever your firm's position, it is important that your company have a formal *Continuation of Benefits* provision that clearly states what the policy is for **all** employees should they ever become disabled. By establishing company policies and procedures now, you ensure that all employees are treated fairly if a disability precludes them from active employment in the future.

As an employer, you'll need to ask yourself a number of questions:

- Should health and dental benefits terminate for an employee who becomes disabled?



- Disabled employees could have a greater need for health coverage than active employees. As an employer would you end benefits for someone in that situation?
- Will the cost of carrying the benefits for disabled employees ultimately impact your ability to provide a competitive and affordable program for active employees?
- What are the legal and moral implications of your policy?

A standard group insurance contract including your Chambers of Commerce Group Insurance Plan allows an employer to continue health and dental benefits for disabled employees. The question then, is how long? Some options to consider include the following:

1. Continue the benefits on the same basis as full-time employees.
2. Provide benefits for a disabled employee for a specific period of time (i.e. one or two years from the date the employee completes the LTD elimination period).
3. Provide benefits based on a graded schedule, based on years of employment. While the duration period for continuing benefits can be anything, a **sample** schedule could look like the following (you can determine yourself what is "right" for your organization):

PERIOD OF FULL-TIME EMPLOYMENT	HEALTH AND DENTAL BENEFITS CONTINUE FOR
3 months up to 5 years	6 months
5 years up to 10 years	12 months
10 years up to 20 years	18 months
20 years or more	24 months

# BENEFIT

CHAMBERS OF COMMERCE  
GROUP INSURANCE PLAN®

## facts:

## Health and Dental Coverage for Disabled Employees (Continued)

As you develop your company's policies and procedures you may want to consider the following:

- Insurers will not typically make any specific reference to the continuation of benefits for a disabled employee. As long as an employer considers a disabled employee to be employed, coverage will be continued.
- In order for an employee to be removed from the health and dental plan, the employment must be terminated. A disabled employee can be terminated, but to avoid any legal repercussions, you should review relevant provincial legislation to ensure the termination has met any obligations under the legislation (i.e. notice requirements, severance provisions). Benefits must be continued during the severance period.
- Worker's Compensation legislation may make specific reference to an employer continuing to provide coverage for disabled employees. Please review provincial legislation to confirm any obligations you may have.
- If a disabled employee is terminated, their Long Term Disability payments will continue to the earlier of recovery or the end of the benefit period. If the appropriate waivers have been filed and approved by the insurer(s), any Life or Accidental Death and Dismemberment benefits would also continue as long as the individual is disabled.
- Should you have someone currently on disability and wish to establish a policy, you should seek legal counsel before taking any action. To avoid litigation, it is likely that any existing arrangements would have to be grandfathered for employees currently on disability and receiving health and dental benefits.

Whatever you decide, your development of a formal company policy should be based on the relative importance you place on three issues:

- The ongoing financial resources you are willing to commit to disabled employees.
- Your corporate responsibility as an employer to look after employees during extended periods of disability.
- The impact such a policy could have on employee morale and employee's attitudes towards you as an employer.

Though some of these decisions may be difficult ones, by establishing a policy while all your employees are actively at work, you can fulfill your corporate **and** fiscal responsibilities in a manner that will be seen as fair and equitable for everyone.

