



Benefit Administration

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Agenda



- ❖ Administration Overview
- ❖ Life of an Employee
- ❖ Premium
- ❖ Plan Member Enrolment
- ❖ Claims
- ❖ Administration Pitfalls
- ❖ Documentation

Types of Administration



- ❖ Head Office - paper
- ❖ Internet
- ❖ Electronic File Transfer
(higher data security – intranet)
- ❖ Self administration
(performs all record keepings services)
- ❖ Third-Party Administration

Fundamental Principals



- ❖ Employees must be actively at work
- ❖ Choices / amount of coverage restricted
- ❖ Employee contributions, if required, may be deducted from pay



Roles



- ❖ Employer
- ❖ Employee
- ❖ Plan administrator
- ❖ Insurance carrier
- ❖ Consultant



Life Cycle of an Employee



- ❖ Eligibility
 - Mandatory or optional
 - Definition of an employee
 - Minimum number of hours
 - Province of Residence
- ❖ Adding an employee
 - Information and signature required
- ❖ Changes to employee information
 - Salary
 - Marital status, life changes – how do they effect other benefit coverage.
- ❖ Termination of coverage

Life Cycle of an Employee



Adding an employee

- 31 day window
- Beneficiary designation
- Waiting Period; waived?
- Dependents; spouse's province of residence; spousal waiver; divorce?
- Salary adjustments
- Evidence of insurability
- Pro-rated monthly premiums?

Life Cycle of an Employee



Changes in coverage:

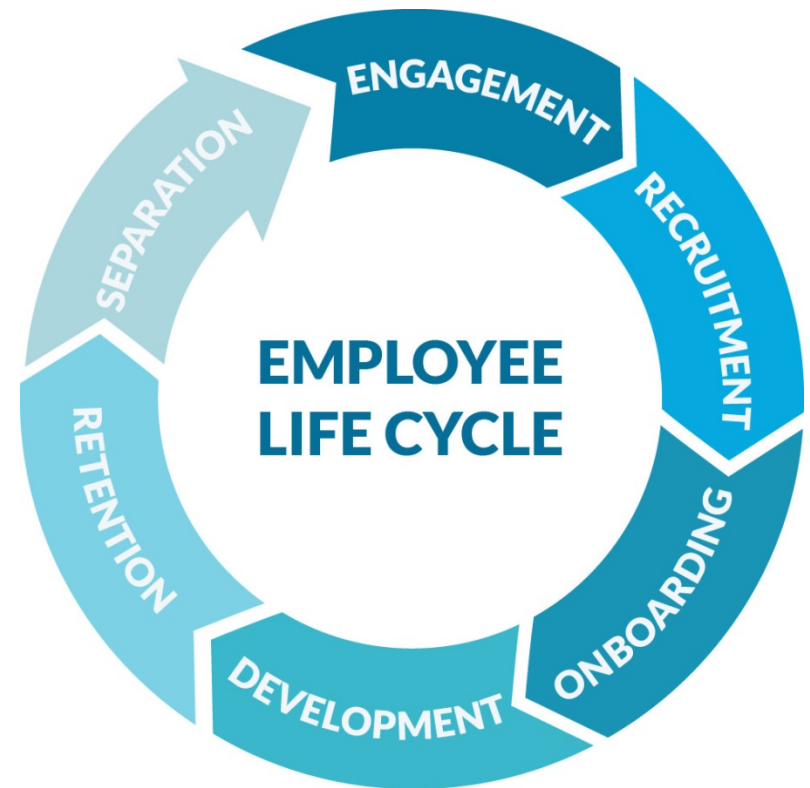
- Salary adjustments
- Single => Family => Single
 - ❖ Adding or removing dependents
 - ❖ One spouse covered; ODB – spouse 65
 - ❖ Late applicants
- Definition of eligible dependents
- Changes in hours worked

Life Cycle of an Employee



Termination

- Employment
 - ❖ Last day of work
 - ❖ Midnight
- Retirement
 - ❖ Last day of work
 - ❖ End of month
 - ❖ End of year



Life Cycle of an Employee



Termination (cont'd)

- Leave of absence
 - ❖ What benefits can be extended?
 - ❖ Exclusions
 - ❖ Not actively at work
 - ❖ Maternity/parental leaves
 - ❖ How long?
 - ❖ Approval required?
 - ❖ LTD Pre-existing conditions clause

Life Cycle of an Employee



- ❖ Termination (cont'd)
 - Disability
 - ❖ Last day of work
 - ❖ Salary and coverage on last day
 - ❖ Communication between employee, employer, insurance company
 - ❖ Definition of Disability
 - ❖ Direct/Indirect offsets
 - ❖ Cost of living adjustments (COLA)

Life Cycle of an Employee



Termination (cont'd)

- Lay-off
 - ❖ What benefits can be extended?
 - ❖ How long can benefits be extended?
- Strike
 - ❖ What benefits can be extended?
 - ❖ Impact on no coverage during strike period

Life Cycle of an Employee



Termination (cont'd)

- Reinstatement of coverage
 - ❖ 6 months from termination date (most common, 31-day window on actively RTW)
 - ❖ Pre-existing conditions clause
- Age
- Severance and Notice Periods

Calculation of Premium



- ❖ Life and AD & D:
 - Rate per \$1,000 of coverage
- ❖ Dependent Life
 - Flat rate charged only to employees with eligible dependents
- ❖ Long Term Disability
 - Rate per \$100 of coverage, or
 - Rate as a percentage of payroll
- ❖ Weekly Indemnity/Short Term Disability
 - Rate per \$10 of coverage
- ❖ Health and Dental Care
 - Single or Family rate (sometime offer couple)

Premium Payments



- ❖ Payment requirements to carrier(s)
- ❖ Lapse notice after 31 days
- ❖ Claims suspension
 - Impact on employees during business travel

Plan Member Enrolment



❖ Birthdates

- Used in adjudication of claims
- Incorrect date could result in a declined claim

❖ Beneficiary Designation

- Revocable vs. Irrevocable
- Nominations must be clear
- Naming an Estate

Plan Member Enrolment



❖ Beneficiary Designation (con't)

- Single nomination
 - ❖ Susan Q. Smith, Spouse (100%)
- Multiple nomination
 - ❖ Susan Q. Smith, Spouse (75%)
 - ❖ John A. Smith, Son (25%)
- Appointing a minor
 - ❖ Mary J. Smith, Daughter
 - ❖ Trustee: Susan Q. Smith, Sister

Plan Member Enrolment



❖ Evidence of Insurability

- Typically required on all optional life
- Required for amounts over Non-Evidence Maximums (NEM)
- More commonly seen on Basic Life and LTD and sometimes STD
- Insurance Carrier will notify employer when evidence has been approved and only then will coverage move to higher amount

Change in Carrier



- ❖ Grandfathered Amounts of Insurance
 - Typically occurs when there is a change in carrier
 - Existing amounts “grandfathered” without evidence of good health
 - Billing statement required to validate prior coverage
 - Example:
 - ❖ 3 times annual earnings, rounded to the next higher \$1,000, to a maximum of \$500,000 (\$200,000 NEM) (\$250,000 GF)

Claims



- ❖ Life, AD&D, Dependent Life Insurance
 - Completed claim forms
 - Current beneficiary designation
 - Proof of death
 - Coroner's report
- ❖ Change in carrier with approved waiver
 - Not actively at work listing

Claims



- ❖ Disability (Short or Long Term)
 - Completed claim form: employer, employee and physician and specialist portions
 - What if it's a WSIB Claim?
- ❖ Payments are made at regular pay periods (weekly, twice a month or monthly)
- ❖ With a change in carrier disabled claims remain with prior carrier
 - Recurrence

Claims



❖ Health and Dental Care

- Completed claim form
- Signed, original receipts, proof of purchase
- Additional information depending on type of claim
- Electronic submission of claims and audits

Administration Pitfalls



- ❖ Late applicant
- ❖ Incorrect salary amount
- ❖ No approval to extend coverage to inactive employee
- ❖ Employee not eligible (i.e. fluctuating hours of work)
- ❖ Employee classifications; transfers
- ❖ Travel to high risk areas (i.e. war zones)

Documentation



- ❖ Contracts from carrier(s) – *watch history*
- ❖ Employee booklets, brochures
- ❖ Carrier website(s)
 - Wellness information
 - Forms
 - Booklets
- ❖ Employer's intranet site