



Basic and Supplemental

Long-Term Disability Insurance

SEBB Administration Manual
for SEBB Benefits Administrators

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Introduction

This manual is intended for use as a reference tool only. The purpose of this manual is to assist you in the processing of the Long-Term Disability (LTD) insurance benefit. If there is inconsistency with this manual and the LTD Plan Booklet, the LTD Plan Booklet takes precedence.

If you have questions about eligibility or enrollment, please contact:
Outreach and Training

1-800-700-1555 | email [FUZE](#)

Benefits are underwritten by The Standard Insurance Company, Portland, OR. For the purposes of this manual, The Standard Insurance Company will be referred to as “The Standard.”

4Plan Reference Information

Policyholder: Washington State Health Care Authority

Group Policy Number: 756494-A

Group Policy Effective Date: January 1, 2020 and as amended

Eligibility or Enrollment Questions: Outreach and Training Phone:

1-800-700-1555

Email: [FUZE](#)

Claims: *Use one of the methods below to submit a claim*

Telephonic: 1-833-229-4177

Mail: The Standard Insurance Company
Employee Benefits Department
PO Box 2800
Portland, OR 97208-2800

Fax: 971-321-8400

Online: www.standard.com

(To file a claim online, go to the above address and click on “File a Group Insurance Claim” on the middle right side of the screen to begin the claim process. Instructions will be provided through the entire claim submission process.)

Forms Forms are available at the [SEBB Benefits Administrator website](#).

Download:

From the menu on the left, Forms and Publications > Long-term disability (LTD insurance):

Long-Term Disability Certificate of Coverage (also known as LTD Booklet)

Long-Term Disability Enrollment/Change form

Long-Term Disability Evidence of Insurability form

Long-Term Disability Claim Packet

Eligibility

- School employees eligible to enroll as a subscriber in SEBB benefits as defined in [WAC 182-31-040](#) are eligible for basic and supplemental LTD.
- School employees eligible under [WAC 182-30-130](#) are not eligible to enroll in LTD.

Basic LTD is employer paid. Supplemental LTD is employee paid.

Application Process

When carrier approval is not required:

During the first annual open enrollment or during the 2020 plan year when enrolling in supplemental coverage for the first time:

- The school employee elects supplemental LTD by checking the box in SEBB My Account, on the Supplemental Coverage Elections page, within 31 days of becoming eligible for SEBB benefits, OR
- The school employee completes the *Long-Term Disability Enrollment/Change* form after 31 days of becoming eligible for SEBB benefits and submits the form to their SEBB Benefit Administrator for keying in SEBB MyAccount.

On January 1, 2021 and after:

- The school employee checks the supplemental LTD box in SEBB My Account, on the Supplemental Coverage Elections page, within 31 days of becoming eligible for SEBB benefits, OR
- The school employee completes the *Long-Term Disability Enrollment/Change* Form after 31 days of becoming eligible for SEBB benefits and submits the form to their SEBB Benefit Administrator for keying in SEBB MyAccount.
- Request for supplemental LTD after the 31-days of eligibility requires carrier approval. Employee must submit an Evidence of Insurability form to The Standard. The Long-Term Disability Enrollment/Change Form is NOT submitted to Standard (this enrollment form remains with the SEBB Benefit Administrator for record keeping).

Employer process:

If the employee submitted a paper form, review the *LTD Enrollment/Change* form for accuracy. Ensure the school employee has completed the appropriate sections and signed and dated the form.

1. Complete the *To Be Completed by Employee's Payroll or Benefits Office Staff* section of the form.
 - Basic LTD coverage is effective as follows:
 - You are eligible on the date you become a Member which is the date you are eligible for the Employer contribution, but not before the Group Policy Effective Date.
 - If the school employee's first day of work is on or after September 1st, but not later than the first day of school for the current school year as established by the SEBB organization, they are eligible for the employer

contribution on their first day of work. The school employee's Basic LTD benefits will begin the first day of work.

- If the school employee is eligible at any other time the school employee's LTD benefits will begin the first of the following month the date the school employee becomes eligible for benefits.
- Supplemental LTD coverage is effective as follows:
 - The first day of the calendar month following the date you become eligible if you apply on or before that date; or
 - The first day of the calendar month following the date you apply if you apply within 31 days after you become eligible.
 - The beginning of the next plan year following the date you apply, if you apply during the Annual Enrollment Period.
- 2. Enroll the employee in supplemental LTD in SEBB My Account.
- 3. File the original enrollment/change form in the school employee's file. *Do not forward the enrollment form to Standard.*

Note: SEBB My Account automatically calculates the LTD effective date. Based on the date you enter the enrollment. If you are delayed in entering the enrollment in SEBB My Account, contact Outreach and Training before you enter it into the system. If back supplemental premiums are due, notify the school employee and collect the back supplemental premiums.

When carrier approval is required:

- On January 1, 2021 and after, if the school employee submits the *Long-Term Disability Enrollment/Change* form more than 31 days after becoming eligible for SEBB benefits:
 - The school employee must complete both the *LTD Enrollment/Change* form and the *Evidence of Insurability* form.
 - The *LTD Enrollment/Change* form must be submitted to the SEBB Benefit Administrator and the *Evidence of Insurability* form must be submitted to The Standard.

Employer process:

If the employee submitted a paper form, review the *LTD Enrollment/Change* form for accuracy. Ensure the school employee has completed the appropriate sections and signed and dated the form.

1. Complete the *To Be Completed by Employee's Payroll or Benefits Office Staff* section of the form.
2. Remind the school employee to send the *Evidence of Insurability* form to Standard. If the school employee submitted the form to you with the enrollment/change form, you may send the *Evidence of Insurability* form to Standard.

Note: Standard Insurance Company does not require a copy of the enrollment/change form when carrier evidence of insurability approval is required. Do not send Standard the enrollment/change form.

3. File the original enrollment/change form in the school employee's file.

After the carrier decision:

1. The employer and school employee will receive an EOI approval or declination letter from Standard when the underwriting of the application has been completed.
2. Review the letter for accuracy and verify EOI approval was required. Contact The Standard if approval was not required.
3. If the EOI was approved, check the supplemental LTD box in SEBB My Account. The effective date is the first day of the month following the approval date. Refer to the SEBB My Account Manual for instructions.

Note: SEBB My Account automatically calculates the LTD effective date. Based on the date you enter the enrollment. If you are delayed in entering the enrollment in SEBB My Account, contact Outreach and Training before you enter it into the system. If back supplemental premiums are due, notify the school employee and collect the back supplemental premiums.

4. If the EOI was denied, no action is necessary in SEBB My Account as the school employee will not have supplemental coverage per Standard's denial.
5. Attach the employer copy of the EOI approval or declination letter to the *LTD Enrollment/Change form* and place in the school employee's file.

LTD EOI approval or declination letter

An EOI approval or declination letter will be issued by Standard when:

- A school employee requests supplemental LTD more than 31 days after the benefits effective date beginning January 1, 2021.

When Standard makes a decision, an EOI approval or declination letter will be issued to the SEBB Organization and the school employee.

The EOI approval or declination letter indicates if the coverage is approved, denied, or the request is closed. A request may be closed if Standard does not receive all requested information from the school employee in a timely manner. Standard may re-open a closed request when it receives the information.

Below are some special circumstances that may arise upon receiving the EOI approval or declination letter:

1. LTD coverage was declined, but school employee enrolled no later than 31 days after the date of eligibility*.

When you receive an EOI approval or declination letter, check the hire date and the date the school employee elected supplemental coverage in SEBB My Account or the date the school employee signed the enrollment form. Approval is not required when the school employee

elects supplemental coverage or submits the form no later than 31 days after the date of eligibility (beginning 1/1/2021). EOI is not required during the first annual open enrollment or during the 2020 plan year when enrolling in supplemental coverage for the first time. If you receive an EOI approval or declination letter for an application that did not require approval, call The Standard, explain the situation, and request The Standard change their records.

Note: SEBB My Account automatically calculates the LTD effective date. Based on the date you enter the enrollment. If you are delayed in entering the enrollment in SEBB My Account, contact Outreach and Training before you enter it into the system. If back supplemental premiums are due, notify the school employee and collect the back supplemental premiums.

2. If you receive the EOI approval or declination letter and a copy of the enrollment/change form, or only receive a copy of the enrollment/change form.

A checkmark indicating approval, denial, or pending is located in the bottom right-hand corner of the enrollment/change form (in The Standard Insurance Company Box). If a decision is pending, it means there is incomplete information. If the request was approved, key the approval the same as you would if you had received an approval letter. If you receive the letter at a later date, verify the employee was entered in SEBB My Account and place the letter in the school employee's file.

3. If you receive a closure or denial and at a later date, receive an approval, overturning the previous decision, enter the approval in SEBB MyAccount. If you have any questions regarding the approval, contact the Standard.

Note: SEBB My Account automatically calculates the LTD effective date. Based on the date you enter the enrollment. If you are delayed in entering the enrollment in SEBB My Account, contact Outreach and Training before you enter it into the system. If back supplemental premiums are due, notify the school employee collect the back premiums.

***First 31 days of eligibility – The 31 days begins on the first day the school employee is eligible for benefits.**

School Employees Returning from Approved Leave

If a school employee lost eligibility for the employer contribution and regains eligibility when returning from leave:

1. Reinstate basic LTD effective the first day of the month in which the school employee is in pay status and is anticipated to be eligible for the employer contribution towards SEBB Benefits.

***Note:** School employees who are on an approved leave of absence can continue their long-term disability (LTD) coverage as long as they are eligible for the employer contribution (meaning that they have already worked at least 630 hours or are still anticipated to work 630 hours during the school year). If they are not eligible for the employer contribution, then LTD cannot be continued per WAC 182-31-100.

***Note:** For employees on approved Leaves of Absence who will maintain eligibility for the employer

contribution by working the 630+ hours/year:

- Basic LTD is continued with premium payment (paid by the employer) for the remainder of a given school year, as long as the employee is eligible for the employer contribution and works or is anticipated to work 630 hours or more per year.
- Supplemental LTD is continued for the first 90 days of the Leave and premium payment is not required. For approved Leaves of Absence that are 91 days or longer, Supplemental LTD can be continued **with premium payment** for the remainder of a given school year, as long as the employee is eligible for the employer contribution and works or is anticipated to work 630 hours or more per year. The Supplemental LTD premium payment and insurance benefit would be based on the amount of insurance in force as of the last day the employee worked before the Leave of Absence commenced.
 - If the employee did not continue paying the premium payment for the Supplemental LTD plan after the 90 days, Evidence of Insurability would be required for re-enrollment in the Supplemental LTD plan upon the employee's first day of active work from the Leave of Absence. Employees who are choosing to self-pay premium for the supplemental LTD plan will need to pay premium continuously to the SEBB Organization with no lapse. If there is a lapse in premium payment, coverage will end as of the last day premium payment is made.

Claim Procedures

LTD claims should be filed as soon as the school employee's last day (physically) on the job is known. Do not wait for leave to be exhausted to file the claim. Leave balances are verified for purposes of determining when the benefit payment period begins.

Employees and employers have three options to file a claim:

- Telephone
- Online
- Paper

Telephonic Claims

Employee process:

1. Direct employee to call the toll free number 1-833-229-4177.
2. The Standard Intake Unit will interview the employee, complete the employee statement of the claim form. Employee will receive a claim number at the end of the call and an acknowledgement letter is sent either through email or USPS.

The Standard

1. At the end of the call with the employee, The Standard will reach out to the employer with a link to the online employer statement for completion and will fax a statement to the physician immediately.
2. If the employee filed early, an anticipatory email will be sent to the employee with an update.

Employer process:

1. Complete the employer statement by clicking on the link in the email or submitting a paper form.
2. To complete the employer statement online: Copy and paste the claim number from the email into the claim number field to begin completing the employer statement online.

If you have questions when completing the form, complete as best you can. If The Standard has questions, they will contact you. When completing the form online, there is a 'What's this?' link to help with information. If you don't know, leave the field blank.
3. Complete the contact information. If you have questions, add notes and questions in the Additional Information section.
4. Review and submit the employer statement. You can upload supplemental documentation (job descriptions, etc.).
5. Read the Fraud Notice and select the checkbox to agree to the statement. Click Submit. The statement is sent to The Standard.
6. There is an option to download the statement once it is submitted. This will be your receipt (PDF format). Save in the employee's file.
7. Click Finish. Confirmation of date and time stamp. Once you complete the statement, you cannot use the link in the email to get back to the statement.
8. The employer statement is moved to the claims department for processing.

Online Claims

Employer process:

1. Go to www.standard.com. Create an account, if you don't already have one. Click on "File a Group Insurance Claim".
2. If you have questions when completing the form, complete as best you can. If The Standard has questions, they will contact you. When completing the form online, there is a 'What's this?' link to help with information. If you don't know, leave the field blank.
3. Complete the contact information. If you have questions, add notes and questions in the Additional Information section.
4. Review and submit the employer statement. You can upload supplemental documentation (job descriptions, etc.).
5. Read the Fraud Notice and select the checkbox to agree to the statement. Click Submit. The statement is sent to The Standard.

6. There is an option to download the statement once it is submitted. This will be your receipt (PDF format). Save in the employee's file.
7. Click Finish. Confirmation of date and time stamp. Once you complete the statement, you cannot use the link in the email to get back to the statement.
8. The employer statement is moved to the claims department for processing.

Paper Claims

Employer process:

1. Complete the *State of Washington Long-Term Disability Claim Employer's Statement*.
 - **Section 1** – Enter the school employee's personal information. Include the school employee's job title and job classification. The job classification information should include whether the school employee is full-time, part-time, permanent, temporary, etc.
 - **Section 2** – Include all benefit and work information.
 - **Section 3** – Enter the school employee's salary information—current salary, previous salary, and the effective date of the last increase. Salary information may be entered as weekly, hourly, monthly, or an annual rate.
 - **Section 4** – Include all banked sick leave, shared leave, and annual leave.
 - **Section 5** – Answer all questions.
 - **Section 6** – Answer “No” to the first question. HCA does not purchase the school employee life insurance through Standard.
 - **Section 8** – Complete the employer information.
2. Send the completed *Long-Term Disability Employer's Statement* to Standard. Include copies of the school employee's *LTD Enrollment/Change* form, if a paper form(s) are available, and the requested documentation in section 7 of the Employer's Statement.

Standard has the following minimum requirements for documenting Predisability earnings (PDE):

- Payroll documentation is **not** required if the school employee's PDE is less than \$5,000 per month.
- If the school employee's PDE is from \$5,000 to \$8,999 per month, payroll documentation is required from the school employee's last day worked and the three calendar months prior to the date of disability.
- If the school employee's PDE is \$9,000 and above payroll documentation is required from the 12 months' prior to the last day worked and continuing to the most recent day paid plus a copy of the school employee's prior year W2.

Payroll information is defined as payroll records, pay stubs, or other documents produced via a payroll software system. Payroll information must include year- to-date information wherever available.

3. Long-Term Disability Claim Submission Options:

- Mail to Standard Insurance Company at PO Box 2800, Portland OR, 97208-2800
 - Employer statement
 - Enrollment/Change form
 - Any required PDE documents
- Fax the forms to 971-321-8400
 - Employer statement
 - Enrollment/Change form
 - Any required PDE documents
 - Send the School Employee's Statement to the school employee.
- **School Employee's Statement** - The school employee should complete and return this form to Standard with attached copies of requested documents. (See the instructions on the first page of form). Included in the School Employee's Statement are:
 - **Authorization to Obtain Information** – School employee must sign and date this form and return with the School Employee's Statement
 - **Authorization to Obtain Psychotherapy Notes** -School Employee must sign and date this form and return with the School Employee's Statement
 - **Attending Physician's Statement** - Part A is completed by the school employee. Part B is completed by the school employee's physician. The physician must return this to Standard.

4. Continue to collect the supplemental premiums until you receive Standard's decision.

After the carrier decision:

1. Standard will send a copy of the Explanation of Benefits (EOB) to the employer and school employee. If approved, the school employee will receive payment with the EOB. If the school employee has both basic and supplemental coverage, two letters will be issued explaining the benefits.
2. If approved and the school employee is still active, the employer will refund any supplemental premiums as applicable for the approved claim to the school employee. HCA Accounting will refund the basic premiums. Notify HCA Accounting through [FUZE](#) in this situation.

Returning to work after a disability claim:

The employer must notify Standard any time there is a change in work status of the school employee.

- If the school employee returns to work part-time
- If the school employee returns to work part-time, then returns to full-time
- If the school employee returns directly to full-time

When the school employee returns to work full-time, regular duties, the employer will reinstate supplemental coverage, effective the first day of the month following the day the school employee returns to work. Refer to the SEBB My Account Manual for instructions. If coverage is not re-entered, premiums will not be deducted and coverage will not be reinstated.

An *LTD Employee Enrollment/Change* form is not required when the school employee returns to work. Enroll the school employee in the same coverage as before the claim. If the school employee would like to change coverage, refer to the *Application Procedures* section earlier in this manual.

Basic LTD Billing Administration

The SEBB organizations are responsible for paying HCA the Basic LTD premiums. HCA will then pay Standard for all employer contributions for the Basic LTD plan. SEBB Organizations will remit payment to The Standard for the Supplemental LTD Insurance coverage only.

Supplemental LTD Billing Administration

Supplemental LTD Premiums:

Supplemental LTD billing will be handled on a self-administered basis (this means that the SEBB Organizations are the record keeper). Since LTD is an income replacement plan (income based), the SEBB Organizations are responsible for deducting premium payments from employees' paychecks based on each employee's Insured Earnings.

HCA will be providing SEBB Organizations the supplemental LTD percentage rate through the SEBB MyAccount billing file. The SEBB Organizations will take the supplemental LTD percentage rate provided by HCA and multiply it by the school employee's insured earnings to calculate the supplemental premium that will be deducted from the employee's paycheck. Premium payments for the Supplemental LTD Insurance will be taken through post-tax employee payroll deductions by SEBB Organizations. The SEBB Organizations will be responsible for submitting monthly supplemental premium payments to The Standard.

Insured Earnings is defined as the first \$16,667 of each eligible employee's monthly pre-disability earnings (for a 12-month billing cycle). Insured Earnings includes Tri-Pay and is also defined as an employee's gross monthly rate of earnings from their SEBB Organization. Insured Earnings does not include bonuses, commissions, overtime pay, shift differential pay, optional stipends, or any other extra compensation. If an employee is paid hourly, their monthly rate of earnings is based on the number of hours the employee is regularly scheduled to work per month, but not more than 173 hours. If an employee does not have regular work hours, the monthly rate of earnings is based on the average number of hours worked per month during the preceding 12 calendar months (or during the period of employment if less than 12 months), but not more than 173 hours.

Supplemental LTD Premium Due date:

Supplemental LTD premiums are due for the current month. For example, Supplemental LTD premium for January is due January 1st. There is a 60 day grace period. Premium is due to the Standard no later than 60 days after the first of the month in which payment is for.

Refunding Supplemental LTD premiums when necessary:

SEBB Organizations will refund the premium to the employee(s) when appropriate according to SEBB Rules and the SEBB LTD Policy. The SEBB Organization should then take a credit on the next billing statement and payment to The Standard in an amount that is equal to and reflects the premium refund provided to the employee(s). SEBB Organizations should provide the credit amount taken on the billing statement as a separate line item as well as a description of what the credit is for.

Standard contact info for supplemental billing questions:

All billing related inquiries and remittance can be directed to: SEBBbillingsupport@standard.com

Primary Billing Contact:

Angela Pledger

Angela.pledger@standard.com

971.321.8130

Secondary Billing Contact:

Cindy Bofinger

Cindy.Bofinger@standard.com


971.321.4653

Supplemental Payment Options with Standard:

- AdminEASE Online Bill Pay Option
- Paper/Check/ACH/Wire Transfer Option
- Data Feed Reconciliation Option (only SEBB Organizations with 1,000+ employees are eligible for a Billing Feed Payment Option).

Appendix

EOI approval or declination letter sample


TheStandard®

December 31, 2019

WASHINGTON STATE HEALTH CARE AUTHORITY
PO BOX 42691
OLYMPIA, WA 98504

NOTICE OF APPROVAL GROUP INSURANCE COVERAGE

POLICY OWNER: WA STATE HCA - SEBB

GROUP POLICY NUMBER: 756494

APPLICANT: John Doe

MEMBER IDENTIFICATION: John Doe
1234

COVERAGE(S) APPROVED / AMOUNT OF COVERAGE(S):
Buy-up Long Term Disability/Per Contract

DATE EVIDENCE OF INSURABILITY APPROVED: December 31, 2019

The applicant named above has been approved for group coverage with Standard Insurance Company.

This approval notice is subject to all terms and conditions of the group policy and state limitations. Premiums should be deducted in accordance with the provisions of the group policy.

If you have any questions regarding this letter, please write to the address below or call (800) 843-7979.

Sincerely,

Medical Underwriter
Employee Benefits Division

Employee Benefits Medical Underwriting
900 SW Fifth Avenue Portland OR 97204-1282
Email musc@standard.com Fax 971-321-5994
Standard Insurance Company - A subsidiary of StanCorp Financial Group, Inc.

EI: 4644742



December 31, 2019

WASHINGTON STATE HEALTH CARE AUTHORITY
PO BOX 42691
OLYMPIA, WA 98504

NOTICE OF DECLINATION OF GROUP INSURANCE COVERAGE

POLICY OWNER: WA STATE HCA - SEBB

GROUP POLICY NUMBER: 756494

APPLICANT: John Doe

MEMBER IDENTIFICATION: John Doe
1234

COVERAGE(S) DENIED: Buy-up Long Term Disability

The insurance coverage requested by the applicant named above has been declined. This declination does not affect guarantee-issue amounts, types of coverage not subject to evidence of insurability or amounts of insurance already in force.

The individual applicant has been notified of the denial and advised of the reason for declination. If you have any questions regarding this letter, please write to the address below or call (800) 843-7979.

Sincerely,


Medical Underwriter
Employee Benefits Division

Employee Benefits Medical Underwriting
900 SW Fifth Avenue Portland OR 97204-1282
Email musc@standard.com Fax 971-321-5994
Standard Insurance Company - A subsidiary of StanCorp Financial Group, Inc.

EI: 4644742

Explanation of benefits samples

Basic coverage letter sample



January 20, 2020

John Smith
1234 NE 50th Ave
Seattle, WA 00000

Group Name: State of Washington - SEBB
Policy Number: 756494
Claim Number: 00XX0000

Dear Mr. Smith:

We are pleased to inform you that your Long Term Disability (LTD) claim with Standard Insurance Company (The Standard) has been approved. This letter explains your benefits and answers questions about your claim, which is administered under the terms of your Group Policy. For specific policy information, refer to your Certificate of Insurance or Summary Plan Description.

When will you receive your benefits?

We have determined that you became disabled on January 15, 2020. You must be disabled throughout your Benefit Waiting Period of 90 days before benefits become payable. Your Benefit Waiting Period will end on April 13, 2020.

Your first payment of \$400.00 is for the period from April 14, 2020, through May 13, 2020. Your monthly Explanation of Benefits Statement details your benefit calculation. Your first payment is due to you by May 14, 2020. If you remain eligible for ongoing benefits, you should receive payment by the 14th day of each month.

How is your disability benefit calculated?

The formula used to calculate your LTD benefits is 60% of your monthly Predisability Earnings, as specified in your Group Policy. Our records show your Predisability Earnings were \$5,000.00 per month. Therefore, your maximum benefit payable is \$400.00 per month.

Standard Insurance Company
900 SW Fifth Avenue
Portland OR 97204
tel 971.321.7000

Your LTD benefits may be reduced by any Deductible Income that you or your dependents receive or are eligible to receive as a result of your disability or retirement (including, but not limited to, sick leave or salary continuation, Social Security, Workers' Compensation, State Disability benefits, work earnings, and/or retirement benefits).

How does income or benefits you receive from other sources affect your disability benefits?

If you are awarded income in the future, or you return to work or recover from your disability, please notify our office immediately to ensure your LTD benefits are issued accurately and to minimize possible overpayment of your claim.

You may experience a delay in receiving Deductible Income because other benefit plans, such as Social Security and retirement plans, have eligibility requirements that are different from The Standard. When awards are made, they may be paid retroactively for a period when you received LTD benefits without deduction for this other income. This may result in an overpayment of your claim. It is your responsibility to reimburse The Standard immediately for any overpayment of your LTD claim.

May you return to work and continue to receive benefits?

If you return to work, either part-time or full-time for any employer, notify us immediately. If you are working while Disabled, you may be eligible for a Return to Work Incentive benefit. Contact us and we will be happy to discuss this in further detail, including your return to work plans and how we may assist you.

What are your options for benefit payments?

- *Direct deposit:* If you would like the convenience of having your LTD benefit directly deposited into an account you designate, please complete and return the enclosed Electronic Funds Transfer (EFT) form.
- *Check via US Postal Service:* If you do not choose any other payment option, your LTD benefit check will be automatically sent by mail.

Are your benefits taxable income with the Internal Revenue Service (IRS)?

Our records indicate your employer paid 100% of the premium. The portion of your LTD benefits subject to Federal Income Tax is the percentage of premium paid by your employer. Thus, 100% of your LTD benefits are taxable.

To ease your financial obligation at tax time, you may elect to have a portion of your LTD benefit withheld for **Federal Income Tax**. The minimum that can be withheld is **\$90.00 per month**. A form is enclosed for your use if you would like to request this withholding. Since tax laws are complicated, we request that you consult the IRS or your own tax consultant regarding

any tax questions you may have. In addition, you may want to request a copy of Publication 524 "Credit for the Elderly and Totally and Permanently Disabled," from the IRS.

Are your benefits subject to Social Security and Medicare (FICA) taxes?

If you paid into the Social Security and/or Medicare systems, your LTD benefits may be subject to Social Security and/or Medicare taxes. As explained above, the taxes apply to 100% of your LTD benefits. The taxes will only apply to benefits paid during the first six complete calendar months after you cease work and to benefits paid if you return to work for your same employer.

How will you know what to report on your tax returns?

We are required by law to report to the IRS the amount of benefits we pay you. These are classified as sick pay benefits by the IRS. Thus, by the end of January, you will be sent a W-2 form from us showing the total amount of taxable benefits you received during the preceding calendar year.

Will you have to provide any additional information?

We will review your claim periodically to confirm your continued disability and eligibility for benefits. We may need additional information, such as updated medical statements. It is your responsibility to provide this information. After a period of time the definition of disability may change, which would require a review of your claim.

Summary

We hope that the above information helps you understand your LTD benefits from The Standard. You can help us properly administer your claim by promptly notifying us of any changes to your medical condition, employment status, or deductible income you receive. Please promptly respond to any future requests for information. If you wish to take advantage of any of the services mentioned in the attached form(s), please complete the applicable form and return to us in the enclosed postage-paid envelope.

We appreciate your continued cooperation and assistance. If you have any questions about this letter or your claim, please write or call me.

Sincerely,

Annie Analyst
Disability Benefits Analyst
(800) 368-1135 Ext. xxxx

Enclosures: IRS Form W-4S
Automatic Electronic Deposit Request

27B

Supplemental coverage letter sample



January 20, 2020

John Smith
1234 NE 50th Ave
Seattle, WA 00000

Group Name: State of Washington - SEBB
Policy Number: 756494
Claim Number: 00XX0000

Dear Mr. Smith:

We are pleased to inform you that your Long Term Disability (LTD) claim with Standard Insurance Company (The Standard) has been approved. This letter explains your benefits and answers questions about your claim, which is administered under the terms of your Group Policy. For specific policy information, refer to your Certificate of Insurance or Summary Plan Description.

When will you receive your benefits?

We have determined that you became disabled on January 15, 2020. You must be disabled throughout your Benefit Waiting Period of 90 days before benefits become payable. Your Benefit Waiting Period will end on April 13, 2020.

Your first payment of \$3,000.00 is for the period from April 14, 2020, through May 13, 2020. Your monthly Explanation of Benefits Statement details your benefit calculation. Your first payment is due to you by May 14, 2020. If you remain eligible for ongoing benefits, you should receive payment by the 14th day of each month.

How is your disability benefit calculated?

The formula used to calculate your LTD benefits is 60% of your monthly Predisability Earnings, as specified in your Group Policy. Our records show your Predisability Earnings were \$5,000.00 per month. Therefore, your maximum benefit payable is \$3,000.00 per month.

Standard Insurance Company
900 SW Fifth Avenue
Portland OR 97204
tel 971.321.7000

Your LTD benefits may be reduced by any Deductible Income that you or your dependents receive or are eligible to receive as a result of your disability or retirement (including, but not limited to, sick leave or salary continuation, Social Security, Workers' Compensation, State Disability benefits, work earnings, and/or retirement benefits).

How does income or benefits you receive from other sources affect your disability benefits?

If you are awarded income in the future, or you return to work or recover from your disability, please notify our office immediately to ensure your LTD benefits are issued accurately and to minimize possible overpayment of your claim.

You may experience a delay in receiving Deductible Income because other benefit plans, such as Social Security and retirement plans, have eligibility requirements that are different from The Standard. When awards are made, they may be paid retroactively for a period when you received LTD benefits without deduction for this other income. This may result in an overpayment of your claim. It is your responsibility to reimburse The Standard immediately for any overpayment of your LTD claim.

May you return to work and continue to receive benefits?

If you return to work, either part-time or full-time for any employer, notify us immediately. If you are working while Disabled, you may be eligible for a Return to Work Incentive benefit. Contact us and we will be happy to discuss this in further detail, including your return to work plans and how we may assist you.

What are your options for benefit payments?

- *Direct deposit:* If you would like the convenience of having your LTD benefit directly deposited into an account you designate, please complete and return the enclosed Electronic Funds Transfer (EFT) form.
- *Check via US Postal Service:* If you do not choose any other payment option, your LTD benefit check will be automatically sent by mail.

Are your benefits taxable income with the Internal Revenue Service (IRS)?

Our records indicate your employer contributes % of the premium. The portion of your LTD benefits subject to Federal Income Tax is the percentage of premium paid by your employer. Thus, % of your LTD benefits are taxable.

To ease your financial obligation at tax time, you may elect to have a portion of your LTD benefit withheld for **Federal Income Tax**. The minimum that can be withheld is **\$90.00 per month**. A form is enclosed for your use if you would like to request this withholding. Since tax laws are complicated, we request that you consult the IRS or your own tax consultant regarding

any tax questions you may have. In addition, you may want to request a copy of Publication 524 "Credit for the Elderly and Totally and Permanently Disabled," from the IRS.

Are your benefits subject to Social Security and Medicare (FICA) taxes?

If you paid into the Social Security and/or Medicare systems, your LTD benefits may be subject to Social Security and/or Medicare taxes. As explained above, the taxes apply to 100% of your LTD benefits. The taxes will only apply to benefits paid during the first six complete calendar months after you cease work and to benefits paid if you return to work for your same employer.

How will you know what to report on your tax returns?

We are required by law to report to the IRS the amount of benefits we pay you. These are classified as sick pay benefits by the IRS. Thus, by the end of January, you will be sent a W-2 form from us showing the total amount of taxable benefits you received during the preceding calendar year.

Will you have to provide any additional information?

We will review your claim periodically to confirm your continued disability and eligibility for benefits. We may need additional information, such as updated medical statements. It is your responsibility to provide this information. After a period of time the definition of disability may change, which would require a review of your claim.

Summary

We hope that the above information helps you understand your LTD benefits from The Standard. You can help us properly administer your claim by promptly notifying us of any changes to your medical condition, employment status, or deductible income you receive. Please promptly respond to any future requests for information. If you wish to take advantage of any of the services mentioned in the attached form(s), please complete the applicable form and return to us in the enclosed postage-paid envelope.

We appreciate your continued cooperation and assistance. If you have any questions about this letter or your claim, please write or call me.

Sincerely,

Annie Analyst
Disability Benefits Analyst
(800) 368-1135 Ext. xxxx

Enclosures: IRS Form W-4S
Automatic Electronic Deposit Request