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bailey benefit news



New Disability Claims Procedure

The Department of Labor (DOL) issued a final ruling in January amending its claims and appeal procedures for ERISA-covered plans to provide additional rights for disability claimants. This amendment is applicable to disability claims filed on or after April 1, 2018. The new requirements include:

Claims Denial Notices

Notices should be provided in the applicable non-English language if 10% or more of the county population speaks that language. The following information also must be included in all benefit denial and appeal denial notices:

- The claim administrator's rationale, standards, reasons, internal rules or protocols used to deny a claim, and whether the rationale differs from other sources such as the Social Security Administration, and reviewing physicians or other experts
- The claimant's right to a copy of the claim file
- The disclosure of any guidelines relied on in making a claim decision
- Certain disclosures regarding the time period within which the claimant can file suit

Appeals Processing

- During an appeal, if the claim administrator obtains new information, it must be shared with the claimant, and the claimant must be provided an opportunity to respond to that information.
- Similarly, if the claim administrator identifies a new rationale while adjudicating an appeal, claimants must also be provided the opportunity to review and respond.
- Claimants may submit a letter complaining of any perceived procedural violations, and require the claim administrator to respond within ten days.

Litigation

Claimants can file suit before completing the appeal process for any alleged violation of the ERISA Claims Procedure regulation requirements. The amendment includes a provision ("safe harbor" for claims administrators) that allows the court to determine if the lawsuit will proceed, or if the claim should be returned to the claim administrator to complete its' review.

The updated regulation applies to all ERISA covered disability claims, including most group Short Term Disability and Long Term Disability plans (regardless of how they are funded) as well as Life Waiver of Premium disability provisions.

Your team at Bailey will work with the carriers to ensure they are in compliance with the new procedures.

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