

## *LTD Final Action Notices (FAN)*

A Final Action Notice or FAN will be issued by Standard Insurance when:

- An employee requests Optional LTD after the initial period of eligibility, or
- An employee chooses to decrease the waiting period.

The employee must submit an Evidence of Insurability form to Standard Insurance in both cases. When Standard makes a decision, a FAN will be issued to your agency and the employee.

The FAN 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 employee in a timely manner. Standard may reopen a closed request when it receives the information.

As with anything, there will be situations that arise that are not straight forward. Below are a few examples of some of the “Gotchas” that you may encounter.

- **LTD Coverage was declined, employee enrolled within first 31 days of eligibility\***

When you receive a FAN, check the hire date and the date the employee signed the enrollment form. The application does not require approval within the first 31 days of eligibility. If you received a FAN for an application that did not require approval, call Standard Insurance; explain the situation and request Standard change their records. If the waiting period has not been keyed, key the coverage with an effective date of the first of the month following the signature date on the form. If back premiums are due, notify the employee and HCA Accounting. Collect the back premiums.

- **The waiting period that Standard approved does not match the waiting period keyed into PAY1**

Refer back to the employee’s enrollment/change form. Verify waiting period with Standard. If the waiting period keyed into the system is incorrect, correct the waiting period when you key the approval. If the waiting period on the FAN is incorrect, explain the situation to Standard, and request a new FAN.

- **Receive a copy of the FAN and a copy of the enrollment/change form, or only receive a copy of the enrollment/change form**

The decision will be in the bottom right-hand corner of the enrollment/change form in the Standard Insurance Co. box. A checkmark will be next to the decision of Approved, Denied, or Incomplete (Closed) with a decision date. Key the decision the same as you would a FAN. If you receive the FAN at a later date, verify the decision was keyed, and place the FAN in the employee’s file.

- **Receive a closure or denial. At a later date, receive an approval, overturning the previous decision**

Key the new decision into the PAY1 system (as long as it is not on the same day as you keyed the previous decision). If you have any questions, contact Standard Insurance. If back premiums are due, notify the employee and HCA Accounting, and collect the back premiums.

**\*First 31 days of eligibility** – The 31 days begins on the day the employee is hired into a benefits eligible position or the day the employee becomes eligible for benefits. *For example, an employee is hired on January 16, 2009 into a benefit eligible position. The 31 days begins on January 16. The LTD form must be signed by February 15th. Basic coverage would begin February 1 and optional coverage would begin March 1.*

## Enter FAN into PAY1

Prior to keying the information into PAY1, verify that all information is correct, the requested coverage required approval, and the Enrollment/Change form was completed correctly.

1. Upon receipt of the FAN, verify the Agency Number is correct.
2. Do an inquiry in PAY1 for the employee.
3. From the command line, change the Next Function field to A.41 and the Type field to "I". Choose Enter.
4. Verify the requested coverage required approval.
  - Check the hire date in the HRMS system and the signature date on the form. Is the date within 31 days of the employee's initial eligibility?
    - If the answer is **Yes**, approval is not required.
    - If the answer is **No**, approval is required.
5. From the command line, enter A.46 in the Next Function field. Enter "I" for Inquiry in the Type field. Choose "Enter".

```
***** A.46 - LTD COVERAGE *****                               MAPA461
SOC SEC NUMBER: 999 99 0008                                NAME : BUNNY, BUGS B
AGENCY          : 095                                       LTD ENROLLED   : Y
SUB AGENCY      :                                           ENR EFF/END DATE: 06 01 2008

== PART ==  ===== CURRENT =====  ===== DESIRED =====  == PEND/APPROVAL ==
              ENR  COV  EFF DATE    ENR  COV  EFF DATE    IND    DATE

BASIC       :   Y           06 01 2008
OPTIONAL    :   Y   090   07 01 2008      060  09 01 2008      P   10 06 2008

PREMIUM EMPLOYEE:      .00      ELIM. PERIOD PERCENT:   .610
RETIREMENT SYSTEM:  OTHERS

NEXT FUNCTION: A 41 TYPE: I SSA: 999 99 0008 AGY: 095 SUB:      PAY ACTION:
INQUIRY ONLY      ENTER-NXT, PF1-HELP, PF2-RETURN, PF3-SYSTEM, PF9-HISTORY
```

6. Verify the coverage amounts listed on the FAN match the requested amount keyed into the system.

*Note: If the coverage amount does not match, review your copy of the employee's Long-Term Disability Enrollment/Change form to verify the requested benefit waiting period.*

If the benefit waiting period pended in PAY1 is incorrect, correct it in the desired column when you enter the approval.

If the benefit waiting period on the FAN is incorrect, contact Standard Insurance and request an updated FAN.

## Approval

1. All information on the FAN has been verified and is correct (see above for verification). The employee has been approved for the requested benefit waiting period. On the command line, change the Next Function field to A.46 and the Type field to "U". Choose "Enter".
2. Tab to the Effective Date field under the Desired column. Enter the effective date. The effective date is the first of the month following the approval date on the FAN. *For example, Standard Insurance approved the coverage on 8/1/2008. The effective date would be 9/1/2008.*
3. Tab to the IND field under Pend/Approval. Change the "P" to an "A" for Approved.

***** A.46 - LTD COVERAGE *****										MAPA461															
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4. Change the Command Line to Next Function A.46 and the Type to "I". Choose F10. Depending on where your agency is in the invoicing cycle, the coverage may move to the Current column or may remain in the Pend/Approval column until your next invoicing cycle. Set a reminder to check the record after the invoicing cycle completes to verify the coverage has moved to the current column. If the coverage has not moved after the invoicing cycle, contact HCA through FUZE.

Depending on the Effective Date, the employee may owe back premiums. Send an email to HCA Accounting indicating back premiums to be collected. Notify the employee of any back premiums due.

Make a notation on the FAN that includes the date the decision was keyed, who keyed the decision, the effective date of the coverage, and any other pertinent information. Place the FAN in the employee's file.

## Denial or Request Closed

1. On the command line, change Next Function to A.46. Change Type to “U” for Update. Choose “Enter”.
2. Tab to the IND field under Pend/Approval. Change the “P” to a “D” for denied or “C” for Closed. *Note: Do not change the Effective Date when a request has been denied or closed.*
3. Change the command line to Next Function A.46 and the Type to “I”. Choose F10 to update.

```
***** A.46 - LTD COVERAGE ***** MAPA461
SOC SEC NUMBER: 999 99 0009          NAME : BUNNY, BUGS B
AGENCY          : 095                LTD ENROLLED   : Y
SUB AGENCY      :                   ENR EFF/END DATE: 06 01 2008

== PART ==  ===== CURRENT =====  ===== DESIRED =====  == PEND/APPROVAL ==
              ENR COV  EFF DATE    ENR COV  EFF DATE          IND      DATE

BASIC       :   Y           06 01 2008
OPTIONAL    :   Y   090   07 01 2008      030   08 01 2008      D   10 06 2008

PREMIUM EMPLOYEE:      .00          ELIM. PERIOD PERCENT:  .610
RETIREMENT SYSTEM:    OTHERS

NEXT FUNCTION: A 41 TYPE: I SSA: 999 99 0009 AGY: 095 SUB:      PAY ACTION:
INQUIRY ONLY   ENTER-NXT, PF1-HELP, PF2-RETURN, PF3-SYSTEM, PF9-HISTORY
```

4. Make a notation on the FAN that includes the date the decision was keyed, who keyed the decision, and any other pertinent information. Place the FAN in the employee’s file.

*Note: A FAN indicating the request has been denied or closed does not include the requested benefit waiting period.*

## Sample: LTD Final Action Notice



September 9, 2008

Wendy Addams  
107 – Health Care Authority  
PO Box 42682  
Olympia, WA 98504-2682

### NOTICE OF APPROVAL GROUP INSURANCE COVERAGE

**POLICY OWNER:** State of Washington

**GROUP POLICY NUMBER:** 377661

**APPLICANT:** John Doe

**MEMBER IDENTIFICATION:** John Doe  
999990001

**COVERAGE APPROVED / AMOUNT OF COVERAGE:**  
Long Term Disability / 60 day BWP

**DATE EVIDENCE OF  
INSURABILITY APPROVED:** September 8, 2008

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 questions regarding this letter, please write to the address below or call (800) 378-1613.

Sincerely

Amanda Seidel  
Associate Medical Underwriter  
Employee Benefits Division