

Handling disability overpayments successfully

When managing a disability claim, it's critical to identify any overpayments early and recover them quickly. This can be a significant component in the overall financial management of your Disability plan.

Overpayments occur for many reasons. They can happen when a plan member:

- is awarded retroactive benefits through a government-sponsored disability program or retirement program
- returns to work earlier than expected
- dies and we are not immediately notified

When members have been in receipt of disability benefits, it is often a challenge to recover benefits that have been overpaid. This is where our plan sponsors can play an important role.

Helping to minimize overpayments

How can you, as a plan sponsor, help minimize the impact of overpayments?

- Ensure correct earnings are provided with the initial claim submission.
- Tell us when a plan member returns to work.
- Submit rehabilitation earnings promptly.
- Inform us when you are aware that the plan member has been awarded income benefits under any government plan or legislation (i.e., WSIB, WCB, CSST, etc).
- Inform us when a plan member dies.
- Confirm when a plan member has elected to retire.

With prompt notification of these situations, together we can minimize the amount of any potential overpayment and therefore minimize the impact on the plan member.

What do we do when an overpayment occurs?

- Verify the overpayment calculations.
- Provide a detailed explanation of the overpayment to the plan member by phone and in writing, including how it was calculated and why it resulted in an overpayment.
- Request full repayment. If full repayment is not possible, we consider and negotiate a reasonable repayment schedule.

- Follow up every three weeks, by phone and in writing, if the plan member does not inform us that they intend to repay the overpayment.
- If after three follow-ups we have not heard from the plan member or received repayment, escalate the issue to our overpayment recovery specialist.

Considering next steps

The overpayment recovery specialist reviews, analyzes and considers all possible next steps. This could include further negotiation of a repayment schedule with the plan member. In cases where the member has returned to work with the plan sponsor, we will request that the member approach their employer for a deduction from their pay as a method of repayment.

Only when we have exhausted all possible avenues for repayment with the plan member do we consider possible legal remedies or a referral to a collection agency.

Note: This is our standard approach to managing overpayments. If you have a defined process in place with us, we would follow that process.

We're always looking for ways to successfully resolve overpayments. Your assistance in helping us manage your disability claims helps to achieve this goal.

Questions?

If you have any questions about this process, please get in touch with your Sun Life Financial group representative.