

Simple Steps to Make Sure Rewarding Your Employees Doesn't Reward You with an HR Lawsuit

Once an employer puts group benefits in place, they have a responsibility to employees, a duty of care to effectively communicate, deliver and administer the benefits plan.

Contributors: Morneau Shepell

You're a good employer and you care about your employees so you put group, health and dental benefits in place. Well done! Now your employees have tools and resources to be healthy, and healthy employees are happy employees. But with great benefits comes great responsibility.

What is plan administer liability anyway? Once an employer puts group benefits in place, they have a responsibility to employees, a duty of care to effectively communicate, deliver and administer the benefits plan. Failing to do so can open up the employer to liability. But not to worry, effectively communicating the benefits plan and keeping it up to date isn't that difficult.

Top 3 ways to prevent plan liability:

1. Make sure employees know what benefits they have, understand what they mean, and are accurately described.

This isn't giving the booklet to your employee and assuming they will read it and understand what's being offered. You have to take the next step and review the benefits fully. Explain the amount of coverage they will receive while on disability. Is it taxable? Do they have to apply medically for any

coverage? Having an annual employee meeting where the benefits are reviewed is a great way to make sure everyone stays up to date.

2. Update, update, update!

This one is easy. Update salaries when salary changes happen, not once per year. Imagine an employee received a \$5000 raise, but you wait to do the update. Next the employee becomes disabled and is approved for LTD. They were expecting their benefits to be based on their new salary. Guess who is responsible for the difference in benefit – you guessed it, the employer.

3. Follow the rules

In order to follow the rules you need to know what they are. Your benefits consultant can help with that. Here are my top two rules. No refusals and no late applications.

Outright refusal of benefits can lead to legal action if the employee is diagnosed with an expensive health condition, dies, or becomes disabled. Most small group plans are mandatory, keep it that way.

An employee is considered a late applicant when the insurer receives their application more than 30 days after they become eligible for the plan. When an employee is late, they have to apply medically

for the benefits and risk being declined. This situation also opens the employer to legal action if the employee was declined or reduced coverage due to late status.

There are more situations that can lead to plan admin liability issues. Proper plan documentation, effective communication, and attention to detail are tools in your kit to prevent these situations. 🏠

BCNPHA in partnership with Morneau Shepell, a leading provider of employee and family assistance programs, offers group health and dental benefits to non-profit societies. For more information about providing group benefits to your employees please contact Meghan Vallis, Senior Benefits Consultant at Morneau Shepell at bcnpha@morneaushepell.com.