

8 Reasons Why an SSDI Claim May Be Approved, but an LTD Claim Is Terminated

While many individuals who find themselves unable to work due to illness or injury end up collecting both long-term disability (LTD) and Social Security Disability Insurance (SSDI) benefits, there are many cases in which claimants may find themselves being approved for SSDI while being informed that they do not qualify for LTD benefits. This could happen for several reasons, the most notable we have outlined here to help explain some of the nuanced differences between these two benefit programs.

1 The GRID rules provide additional context used for issuing an SSDI decision

SSA uses a five-step process to determine an applicant's eligibility for SSDI benefits. At step five of the process, SSA uses the "Medical-Vocational Guidelines," more commonly known as the "GRID rules." In applying the GRID rules, SSA uses a combination of the applicant's age, previous work experience, education, and residual functional capacity to make a determination; for example, an applicant presenting with a history of unskilled labor, limited education, and advanced age may direct the adjudicator toward a "disabled" finding. GRID rule guidelines do not tend to exist in long-term disability policies and may not be used when evaluating a claim. If the condition(s) on its own is not severe enough to keep the applicant out of work, the LTD examiner may issue a finding of "not disabled," despite the applicant being approved for SSDI benefits.

2 SSDI decisions may be impacted by medical evidence from pre-existing conditions

Long-term disability policies often include clauses that exclude pre-existing conditions in the decision-making process. The medical evidence of pre-existing conditions may not be considered unless there is a direct connection that the pre-existing condition led to the current condition(s) and subsequent impairment. Even then, the examiner may exclude the evidence. On the other hand, SSA will review the entire file when making a decision, looking at the full picture of how any conditions impair an applicant's ability to engage in substantial gainful activity. For example, an applicant with peripheral neuropathy of the feet from previous cancer treatment that has since torn ligaments in his or her knees would have a different level of impairment because of the pre-existing neuropathy. The combination of the two may direct SSA toward making a favorable decision.

3 Social Security and LTD policies have different definitions of "disabled"

No standard definition of "disabled" exists between Social Security and long-term disability policies. In each instance, the applicant must prove they cannot work due to a disabling condition or group of conditions. LTD policies are often set up so that a claimant only has to be disabled from their current (or "own") occupation for at least the first 24 months. After that time, the definition may become broader where a claimant must prove the inability to perform work in any occupation. In contrast, an SSDI applicant must not only prove they cannot perform his or her previous job but are unable to perform any job that may be available within the current economy.

4 Mental health condition limitations in LTD policies

Many long-term disability policies have a maximum payout period of 24 months for claims based on mental health conditions such as anxiety, bipolar disorder, depression, and post-traumatic stress disorder (PTSD). While some exceptions may exist when hospitalization or institutionalization is involved, the continuation of LTD benefits is not a guarantee. Assuming there is sufficient medical evidence on file documenting the claimant's condition, an SSDI claim based on mental health conditions, however, has a strong chance of being approved for a continuous time period. The medical evidence should include any treatments pursued by the claimant in addition to how his or her disability impacts daily life. With rare exceptions, an SSDI claim does not have limitations on how long benefits can be paid if the claimant continues to meet SSA's definition of disability.

5 Limitations in some LTD policies for self-reported symptoms and subjective conditions

Some LTD plans may limit the duration of benefits when a claimant's condition has been determined to be subjective, as it can be difficult to prove definitively that the claimant is unable to perform any work as a result of the condition cited on the claim. Common examples of such conditions include chronic fatigue syndrome, fibromyalgia, rheumatoid arthritis (without clinical documentation of test results), and migraine headaches. Once a claimant has reached the 24-month LTD limitation, if no other medical conditions are present that meet the policy's definition of disabled, the LTD benefits will end. The SSDI benefits program does not have these same limitations for subjective conditions, and therefore would allow payment of benefits beyond 24 months if approved for SSDI.

6 The claimant's condition is severe, but he or she does not comply with LTD policy provisions

An LTD policy contains various provisions with which a claimant must comply to remain eligible for benefits. The most common provision is the requirement for a claimant to provide "proof" of his or her disability. This proof typically takes the form of updated medical documentation, which is requested on an annual basis at a minimum. The LTD carrier will notify the claimant in writing of what is needed to continue evaluating his or her claim. This letter will note the specific time frame within which the information is needed, and the claimant may receive reminders if the requested records are not provided promptly. While LTD carriers will likely assist the claimant by requesting the necessary information, the responsibility to provide the documentation belongs to the claimant, and therefore, if the proof is not received by the deadline, the claim may be terminated regardless of their condition.

7 The claimant is working with earnings exceeding a certain threshold

While not true for all LTD carriers, in many cases, a disabled claimant receiving additional income from any form of earnings, including part-time work, must remain within a certain percentage of his or her pre-disability earnings; this amount is typically 80%. If monthly earnings exceed this amount for a period of three months or longer, the claimant may no longer meet the definition of disability, causing benefits to end. SSA offers a return-to-work trial period where a claimant's earnings may exceed the **current substantial gainful activity** threshold for nine months while benefits continue. If the claimant chooses to participate in the Ticket to Work program, eligibility for benefits may continue for up to seven years, though SSDI benefits may not be payable if he or she exceeds substantial gainful work activity levels.

8 LTD policies may include vocational program requirements

Participation in Social Security's Ticket to Work program is voluntary for an SSDI beneficiary seeking assistance in reentering the workforce. Many LTD policies, however, require a claimant to participate in an approved Rehabilitation Program as a condition of receiving ongoing benefits. If medical documentation indicates that the claimant has the functionality to perform the physical demands of an occupation, but he or she lacks the necessary skills or expertise, the claim may be referred to a vocational consultant for assistance with retraining. If a claimant refuses to participate or is non-compliant with the approved plan, LTD benefits may be terminated. An SSDI beneficiary does not face the same requirement to participate in vocational rehabilitation but may be offered additional support if a return-to-work attempt is unsuccessful, while SSDI benefits continue to be paid.

Every long-term disability policy has specific parameters and entitlement provisions that may not extend to others. It is vital to review the policy before making a decision to determine which requirements are in effect.

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