

90-Day Delay of New DOL Disability Claims Procedure

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In late 2016, the Department of Labor (DOL) issued final rules amending the disability claims procedures for ERISA plans providing disability benefits. The DOL issued these enhanced disclosure and claims procedures in an attempt to improve impartiality and transparency in the claims review process. The new procedures were set to have an effective date of January 1, 2018, but the DOL recently proposed a 90-day delay, which would establish a new effective date of April 1, 2018.

Since the final rules were published, the DOL has received a high volume of comments about the cost and complications of compliance with the rules. Concerns have been raised among some insurance industry and employer groups, as well as some members of Congress, that the claims procedure amendments will drive up disability benefit plan costs, cause an increase in litigation and, in so doing, impair workers' access to disability insurance benefits. On November 24, 2017 the DOL finalized the proposed 90-day extension. The DOL believes that this extension will give a reasonable period, after the December 11, 2017 cut-off for submissions of comments, data, and information, not only to review the concerns raised by interested parties, but also to examine potential regulatory alternatives prior to the effective date of the new rules.

Although the DOL process is still ongoing and modification to the Final Rule may still occur, we advise plan administrators to continue working toward compliance with the Final Rule by April 1, 2018. We will continue to monitor this ongoing DOL process and apprise our readers of any new developments.

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