

## Disappearing Disability Insurance Fails Family

CBS 5

There's no question that Jay Thompson is disabled. Three years, at age 44, he developed ALS — Lou Gehrig's disease. Now he lays immobilized in a hospital bed.

So the question is: What happened to his disability insurance?

"We believed that it would take care of him," said his wife Theresa.

Jay worked 26 years for AT&T, where he had a company policy for long term disability. When he literally started falling down on the job, AT&T put him on disability and helped him work out a financial plan to pay the bills and care for his wife and four daughters. Jay says that plan combined disability payments with money from his pension fund.

"For the first several months, no problem, we were receiving the checks," Theresa said.

Until a notice arrived.

"I got the letter while he was in the hospital," recalled

Theresa, who has to speak for both of them since Jay lost his speech.

"He had an infection and a fever."

The letter said Jay's disability payments would drop from \$3000 a month to zero. Why? AT&T claimed Jay wasn't eligible for disability payments because he was getting too much money from his pension — something his wife says the couple couldn't understand.

"So I called them, like this, very upset," said Theresa, starting to cry. "I said please don't do this right now."

But that wasn't all.

Because the letter also said Jay would have to pay back the \$27,000 in disability he'd already received, or else AT&T would

send him to collections.

"I said, can you at least wait until we're out of the hospital?" begged Theresa. "He's on the verge of living or dying. Can you just wait? She said I'm sorry, we need to collect this money now."

"It's just so low down to make that kind of a threat when somebody's in that kind of situation," says said Bach, who runs United Policyholders, a non-profit that helps solve insurance problems.

"How can somebody who is so clearly disabled wind up getting essentially no disability benefits?" I ask.

"Because we have a broken system," said Bach.

So what's gone wrong in the system that's supposed to protect you if you become sick and disabled? Bach and other advocates say it's an abuse in the use of something called "offsetting." What's that? It's when your employer or insurance company adds up how much income a disabled person gets from other sources, then deducts — or "offsets" — that money from their disability payments.

So if you get social security money for your disability?

That's an offset. If you get money from a lawsuit? That's an offset.

Early withdrawal from your pension fund? Another offset. And on and on...

"It almost begins to sound like, Hey, any money you have is ours," asks Werner.

"That's exactly what it is," Bach said. "Insurance companies are using any opportunity they can to reduce their payout. Anything."

AT&T told CBS 5 Investigates they "disagree with Mr. Thompson's version of events." You can

read their entire statement using the link at the top of this story. The company says he was told that if he chose to take his pension at the same time as his disability payments, that those payments would be severely reduced; and that his insurance policy clearly spells that out. But Thompson insists he never would have risked his disability income by withdrawing his pension, and that he trusted the company's benefits advisors to give him the right advice. Using a

special computer joystick controlled with his lips and the one finger he can still move, Jay was able to tell us that he never heard anything about offsets and never even saw a copy of the company's disability policy. Given all that, how could he have known?

"I think he felt very betrayed," said Theresa.

A spokesman for the insurance industry told CBS 5 Investigates that offsets are intended to keep people from getting rich off their disability benefits.

But consumer advocate Amy Bach said, "We never have encountered a consumer who is coming out ahead of what their pre-disability salary was. We just never see it."

"Expenses are astronomical," said Theresa. "And it's not making anybody rich to allow me to sleep sometimes. We're not making oodles of money, or doing anything really wild and exciting."

Meanwhile, AT&T keeps sending Jay demands for payment.

But Theresa says her husband won't need those disability payments much longer.

"They know and he knows he's dying from this. This is not a broken leg or something that's going to get better. This is going to kill him."

Jay and Theresa plan to take AT&T to court to try to get back at least some disability payment. But his odds of winning are slim.

To watch video of this story, go to <http://cbs5.com/video/?id=49421@kpix.dayport.com>

For Part 2, click here: [Why employers and insurance companies are not afraid of lawsuits](#)