Section 4 – Long Term Disability (LTD) Benefits Frequently Asked Questions (FAQs)

Important: For more information, visit the SBO website at de.gov/statewidebenefits
(Navigation: Select your group > Select "Disability Insurance")

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Coverage

(1) What is the Long Term Disability (LTD) plan and how is it defined in the policy?

The LTD plan provides enrolled individuals with partial income replacement for a longer period of time should the individual become disabled due to a covered accident, sickness, or pregnancy. In the LTD plan, benefits begin on the 183rd calendar day of covered and approved disability and can continue for up to 24 months or until the individual is able to perform the essential duties of their occupation. After 24 months, LTD benefit payments can be extended if the individual is unable to perform the essential duties of any occupation. Refer to Q&A (10) for the maximum LTD benefit duration for disabilities.

(2) When do LTD benefit payments start?

If approved by The Hartford, LTD benefits start when the elimination period has been exhausted. The elimination period is the last to be satisfied of the following:

- The 1st 182 consecutive calendar day(s) of any one period of disability, or
- The exhaustion of the 182 calendar day STD benefit period.

(3) What happens if an individual recovers during the LTD elimination period then becomes disabled again?

Periods of recovery during the 182 calendar day elimination period will not interrupt the LTD elimination period, provided the number of days the individual returns to work after being rehired or the individual's employment is reinstated by the State of Delaware, University of Delaware, or Delaware Solid Waste Authority as an active full-time employee are less than 45 calendar days.

(4) What disabilities are not covered in the LTD plan?

The LTD plan does not cover:

- injury, sickness, mental illness, substance abuse or pregnancy not under the regular care of a physician;
- disability that is caused or contributed to by war or act of war (declared or not);
- disability caused by commission of or attempt to commit a felony, or to which a contributing cause was the individual being engaged in an illegal occupation;
- disability caused by or contributed to by an intentionally self-inflicted injury;
- if the individual is receiving or are eligible for benefits for a disability under a prior disability plan that:
    1. was sponsored by an employer; and
    2. was terminated before the effective date of this plan.

(5) Is there a Pre-existing Conditions Limitation in the LTD plan?

For employees hired on or after January 1, 2006, no LTD benefit will be payable for any disability that results from, or is caused by a pre-existing condition, unless at the time the employee became disabled:

1) the employee had not received medical care for the condition for 12 consecutive months while insured under this plan; or
2) the employee has been continuously insured under the plan for 12 consecutive months.

<u>Pre-existing Condition means:</u>

1) any accidental bodily injury, sickness, mental health diagnosis, pregnancy, or episode of substance abuse; or
2) any manifestations, symptoms, findings, or aggravations related to or resulting from such accidental bodily injury, sickness, mental health diagnosis, pregnancy, or substance abuse.

for which the employee received medical care during the 3 consecutive month(s) period that ends the day before

1) The effective date of coverage; or
2) The effective date of coverage of a change in coverage

LTD Application Process

(6) When can individuals who are totally disabled apply for LTD benefits?

Prior to the exhaustion of the employee's STD benefit period, The Hartford will send an LTD application to the individual's home to complete and return to The Hartford for benefit consideration. Shortly before the end of the STD benefit period, the employing organization's Human Resource/Benefits Office will send "Exhaustion of STD Benefit Communications" to the individual, asking the individual to provide their intention of either returning to work, applying for LTD benefits, or retiring upon the exhaustion their STD benefit period. The communication includes health care enrollment/refusal forms for individuals to fully complete and return to the Office of Pensions, if their intent is to become an LTD Beneficiary. LTD beneficiaries are entitled to enrollment in a health care plan sponsored by the State of Delaware, with state share or double state share as applicable, upon the commencement of LTD benefits.

(7) What recourse do you have if The Hartford denies your LTD claim and/or an extension of LTD benefits?

Within 180 days of the denial of LTD benefits or the denial of an extension of LTD benefits by The Hartford, you or your representative may file a written appeal directly to The Hartford for a full and fair review. The Hartford will make a decision no more than 45 days after they receive your appeal unless they determine special circumstances exist that require an extension of time to process and review your disability file. If your appeal requires an extension of time for a full and fair review, The Hartford will make a decision no more than 90 days after receiving your written appeal. The Hartford's written appeal decision will include specific references to State of Delaware's LTD policy provisions on which the decision is based.

Benefit Payment

(8) What is the LTD benefit payment for individuals who are totally disabled?

The LTD plan pays benefits ***up to*** 60% of the individual's pre-disability base pay, including hazardous duty pay if applicable, reduced by "Other Income Benefits" up to a maximum monthly payment of $8,000 paid by The Hartford. LTD payments are paid monthly by The Hartford. If LTD is payable for a period of less than one month, The Hartford will pay 1/30 of the monthly benefit for each day the individual is disabled.

NOTE: It is the current or former employee's responsibility to promptly notify and repay 100% of the overpaid LTD benefits in full to The Hartford as a result of a current or retroactive Other Income Benefits award. See Q&A (13) for more information on Other Income Benefits.

(9) What is the minimum LTD benefit payment?

The minimum monthly benefit will be the greater of $100 or 10% of the gross LTD benefit based on monthly income loss before the deduction of Other Income Benefits. If the sum of the individual's monthly LTD payment plus current monthly earnings for LTD beneficiaries who are working on a part-time basis plus Other Income Benefits exceeds 100% of the individual's pre-disability base pay, the minimum LTD benefit will be paid.

(10) What is the maximum duration that LTD benefits are payable?

Age when disabled	Benefit duration
Prior to age 60	To age 65
60	60 months
61	48 months
62	42 months
63	36 months
64	30 months
65	24 months
66	21 months
67	18 months
68	15 months
69+	12 months

(11) Can the LTD benefit payment be supplemented with available paid leave for individuals who are no longer employed *or* who are working part-time on a temporary reduced, alternate, light duty and/or part-time basis?

Delaware law prohibits individuals from supplementing LTD benefit payments with earned sick leave. Individuals receiving LTD benefits who are no longer actively employed by the State of Delaware, University of Delaware, or Delaware Solid Waste Authority may not supplement LTD benefit payments with annual leave. For Merit & Non-Merit Executive Branch, Elected offices, Courts and Legislative Organization employees: Individuals who work part time while on LTD will accrue annual and sick leave on a prorated basis.

(12) What deductions are taken from the monthly LTD benefit payment for LTD beneficiaries who are no longer employed?

In addition to requested federal tax deductions, health care (i.e., medical, dental, and/or vision) premiums will automatically be deducted from monthly LTD benefit payments by The Hartford and forwarded to the Office of Pensions for processing for LTD beneficiaries who have not returned to work on a temporary reduced, alternate, light duty and/or part-time basis during the STD benefit period and elected to enroll in a

medical, dental, and/or vision plan as an LTD beneficiary. Please contact the Office of Pensions directly at 1-800-722-7300 for questions regarding health care elections and the amount and/or frequency of health care deductions for LTD beneficiaries who have not returned to work. See Q&A (14) for information on how health care is elected as an LTD beneficiary.

LTD beneficiaries who returned to work during or after the exhaustion of the STD benefit period and continued working on a temporary reduced, alternate, light duty and/or part-time basis, will have their health care premiums deducted from their paycheck. For more information on enrollment in a health care plan sponsored by the State of Delaware, review the Group Health Insurance Plan (GHIP) Eligibility and Enrollment Rules posted on the SBO website.

Other Income Benefits

(13) What are "Other Income Benefits" in the LTD plan?

"Other Income Benefits" is the monetary amount of any benefit for loss of income, provided to the employee or the employee's family, as a result of the period of disability for which the employee is claiming benefits under the LTD plan. This includes any such benefits for which the employee or the employee's family are eligible or that are paid to the employee or employee's family, or to a third party on behalf of the employee pursuant to any:

1) temporary, permanent disability, or impairment benefits under a Workers' Compensation Law, the Jones Act, occupational disease law, similar law or substitutes or exchanges for such benefits;
2) governmental law or program that provides disability or unemployment benefits as a result of the employees job with the State of Delaware (your employer);
3) plan or arrangement of coverage, whether insured or not, which is received from the State as a result of employment by or association with the State or which is the result of membership in or association with any group, association, union or other organization;
4) portion of a judgment or settlement of a claim or lawsuit that represents or compensates for the employee's loss of earnings;
5) mandatory "no-fault" automobile insurance plan;
6) disability or retirement benefits under:
    a) the State's Retirement Plan;
    b) the United States Social Security Act or alternative plan offered by a state or municipal government;
    c) the Railroad Retirement Act;
    d) the Canada Pension Plan, the Canada Old Age Security Act, the Quebec Pension Plan or any provincial pension or disability plan; or
    e) similar plan or act;

that the employee, the employee's spouse and/or children, are eligible to receive because of the employee's disability; or

7) disability benefit from the Department of Veterans Affairs, or any other foreign or domestic governmental agency:
    a) that begins after you become disabled; or
    b) that you were receiving before becoming disabled, but only as to the amount of any increase in the benefit attributed to your disability; and /or
8) retirement benefit from a retirement plan that is wholly or partially funded by employer contributions, unless:
    a) The employee was receiving it prior to becoming disabled; or
    b) The employee immediately transfers the payment to another plan qualified by the United States Internal Revenue Service for the funding of a future retirement.

Health Care While Receiving LTD Benefits

(14) How does an individual elect or maintain health care while receiving LTD benefits from The Hartford?

For employees who have *not* returned to work on temporary reduced, alternate, light duty and/or part-time basis during the STD benefit period - prior to the exhaustion of the STD benefit period, the individual's Human Resource/Benefits Office will provide "Exhaustion of STD Benefit Communications" which will provide the individual with an opportunity to elect or decline health care (i.e., medical, dental, and/or vision) coverage if they intend on applying for LTD benefits. Employees who have returned to work on temporary reduced, alternate, light duty and/or part-time basis during the STD benefit period and work beyond the STD benefit period will continue with their current health care elections. For more information, visit the SBO website.

(15) Who administers health care coverage for LTD beneficiaries who are hazardous duty employees who are injured while performing a hazardous duty and are awarded Workers' Compensation benefits and the twelve month salary supplement?

Employees who are entitled to hazardous duty pay and the twelve (12) month salary supplement who have exhausted the maximum STD benefit period and their FMLA entitlement if eligible, will remain employed through the exhaustion of the twelve (12) month salary supplement period. For the duration of the twelve (12) month salary supplement, health care benefits will be administered by the individual's employing organization's Human Resource/Benefits Office.

Social Security Disability and Service Pension

(16) Who is responsible for preparing and submitting the electronic pension application for individuals transitioning from STD to LTD?

The individual's employing organization's Human Resource/Benefits Office will submit an electronic vested pension application to the Office of Pensions at the time of transition from STD to LTD if such a transition occurs.

(17) If an individual is approved for LTD benefits by The Hartford, is there a requirement to apply for Social Security disability?

Per 29 **Del.C.** §5253 (c)(4), individuals receiving LTD benefits are required to apply for Social Security disability benefits within 45 days from the request to do so. If denied by the Social Security Administration, the individual is required to follow and exhaust the Social Security appeals process.

(18) Can an individual receive LTD benefits and collect a service pension benefit?

No. Individual's may apply for and receive Long Term Disability benefits or opt to begin collecting a service pension benefit, if eligible, with applicable accompanying fringe benefits such as health insurance.

(19) If an individual goes out on LTD before converting to a service pension, will the individual be required to pay state share of health care costs?

Once someone converts to a service pension, the state share cost of health insurance will be based on the individual's accrued years of service and date of hire at the time of retirement. For more information, visit the Office of Pensions website.

(20) Once individuals begin receiving LTD benefits, are they eligible to withdraw pension contributions since employment with the State of Delaware may have ended?

The pension benefit and the DIP are separate benefits. The STD benefit is paid by the State of Delaware and is pension creditable compensation and as such, will be subject to pension contributions. At the point that an individual begins receiving LTD benefits paid by The Hartford, the individual can terminate their membership in the Delaware State Employees' Pension Plan by withdrawing contributions. However, the additional pension service credit stops, and the individual will forfeit their right to a service pension benefit (and all accompanying benefits such as health care) after the LTD benefit ceases.

Accrued Annual and Sick Leave Prior to LTD

(21) What happens to accrued annual and sick leave prior to the commencement of LTD benefits?

There are two options to consider:

1. Escrow Leave. Prior to the commencement of LTD benefits, individuals may make a written request to escrow accrued annual and sick leave for a period of 6 months; **OR**
2. Payout of Leave. Upon the commencement of LTD benefits, individuals are eligible to receive a payoff of accrued unused sick leave based on the rules in place by the employing organization.

If Option #1 is chosen, leave will be escrowed for a maximum period of 6 months. Once an individual has returned to full-time State employment in a benefit-eligible position for 30 calendar days within the 6 month escrow period, leave balances will be returned. If the individual does not to return to full-time State employment as stipulated, leave will be paid out based on the rules in place by the employing organization.

If Option #2 is chosen, upon commencement of LTD benefits, leave will be paid out based on the rules in place by the employing organization. Should an individual subsequently return to full-time State employment in a benefit-eligible position, the leave balance will be zero.

Individuals continue to earn pension creditable service, and if the individual chooses to continue to participate in the State's health care plan, the State will continue to pay state share or double state share for medical insurance. The individual is no longer eligible for holiday pay, leave accrual or any other leave.

NOTE: Individuals will receive a 1099 form instead of a W-4.

Disclaimer

If there is any conflict in interpretation between the FAQ's and the Short Term Disability (STD) and Long Term Disability (LTD) plan, contract provisions and existing law, the contract provisions and/or law govern.

Questions regarding the Disability Insurance Program?

Please contact the Statewide Benefits Office Customer Service Team by telephone at 1-800-489- 8933 or by email at benefits@delaware.gov.