

# Statewide Benefits Office (SBO) Short-Term Disability The Payer of Last Resort



# Disability Insurance Program (DIP)

- The State of Delaware's Disability Insurance Program (DIP) is comprised of a Short-Term Disability (STD) program and a Long-Term Disability (LTD) Program.
- The Hartford is the current administrator and insurer of the DIP.
- By definition, disability insurance pays a portion of an employees wages *if* they are unable to work because of a disabling illness or injury that happens on or off of the job.



# Who is Enrolled in the DIP?

- Employees covered by the Delaware State Employees' Pension Plan pursuant to 29 Del. Chapter 55, excluding temporary and seasonal employees.
- Enrollment is automatic for employees hired on or after January 1, 2006 into a position covered by the Delaware State Employees' Pension Plan, when the employing organization completes data entry into PHRST or other payroll system. **No election or choice by the employee!**



# Who is Enrolled in the DIP?

- Employees hired prior to January 1, 2006:
  - One-time irrevocable open enrollment period held for pension vested employees in 2005.
  - One-time election period held in 2006 for existing pension vested employees.
- **Majority of State employees are enrolled in the Disability Insurance Program!**



# Disability Insurance Program (DIP)

- DIP is legislated under Title 29, Chapter 52 A of the Delaware Code. Pertinent statutes include:
  - **29 Del.C. §5251 (c ):**

““Creditable compensation” shall mean the base rate of compensation that the employee received on the last day of employment before the employee developed a disability as determined by the Committee.”
  - The “Committee” is the State Employee Benefits Committee (SEBC).
  - Creditable compensation is also referred to as “pre-disability salary or earnings”.



# Disability Insurance Program (DIP)

- **29 Del.C. §5253 (a):**  
“Participating employees shall be eligible to utilize earned sick leave for absences due to accident, illness, or injury for periods before disability benefits commence under this chapter, such that the participating employee receives 100% of creditable compensation for such periods, not to exceed the employee’s sick leave balance.”
- The period before disability begins is called the “elimination period”, which is 30 calendar days starting with the employee’s date of disability.



# Disability Insurance Program (DIP)

- 29 Del.C. §5253(b)(1):

“The elimination period must commence and conclude within normal working periods for employees who work less than 12 months per calendar year.”

- 29 Del.C. §5253(b)(7):

“Once an employee exhausts their elimination period, the employee will be deemed to have applied for benefits under this section and shall *not* be eligible to utilize paid leave in lieu of applying for Short-Term disability.”



# Disability Insurance Program (DIP)

- **29 Del.C. §5253(b)(6):**

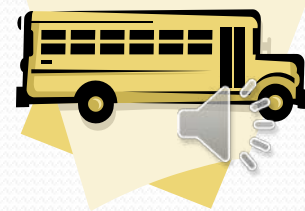
“Employees enrolled in and receiving short-term disability (STD) compensation shall receive a maximum of 100% of base pay. If the employee is otherwise eligible for holiday pay or a paid leave other than identified in paragraph (b)(4) of this section, the employee will be granted 100% pay on the day in question without a residual. All leave supplements will be calculated on a per pay basis.”

**Note:** Leave identified in paragraph (b)(4) is annual, sick, compensatory or donated leave.



# Short-Term Disability (STD) Educational Organizations

- Employees who develop a disability during their normal working period, including the winter or spring breaks, are eligible to file an STD claim and receive benefits through the end of the current school year assuming the employee is able to satisfy the calendar day elimination period before the last day of the school year. Should the disability continue through the employee's non-working period and into the subsequent school year, the non-working time period counts toward satisfaction of the 182 calendar day STD benefit period.



# Short-Term Disability (STD)

## Educational Organizations

- Employees who are unable to satisfy the calendar day elimination period before the end of the current school year will resume completion of the elimination period as of the first day of their normal working period in the subsequent school year, as long as the employee remained disabled through the non-working period.
- Disabilities that begin during a non-working period for less than twelve month educational employees may not be claimed until the employee's normal working period resumes. The actual date of the employee's disability will remain unchanged however the elimination period begins the first working day of the employee's normal working period in the new school year.



# Short-Term Disability (STD)

## Educational Organizations

- The “normal working period” for less than twelve month educational employees will *include the winter and spring breaks and non-contractual days during the STD elimination period.*
- The “normal working period” for less than twelve month educational employees is defined as the first scheduled day of work during the current school year through the last scheduled day of work during the current school year.
- The “non-working period” for less than twelve month educational employees is defined as the period between the last scheduled day of the employee’s normal working period in the current school year through the first scheduled day of the employee’s normal working period at the start of the subsequent school year.



# Short-Term Disability (STD)

- Employees deemed to be “**totally disabled**” as defined in the STD program are to be paid a rate of **up to 75%** of the employee’s creditable compensation.
- If the employee is deemed to be “**residually or partially disabled**”, the plan provides a residual or partial disability benefit to the employee based on a formula calculated by The Hartford. “Residual” or “residually disabled” means the employee is performing some, but not all of the essential duties of their occupation, and as a result is earning 20% but no more than 80% of the employees creditable compensation.



# Short-Term Disability (STD)

- If the employee is receiving “Other Income Benefits”, The Hartford may award a “**minimum benefit**” to the employee of \$25.00 or 10% of the gross STD benefit before the deduction of “Other Income Benefits”, which ever is greater.
- **29 Del.C. §5253 (b)(3):**  
“Creditable compensation during periods an employee receives short-term disability benefits shall include general salary increases awarded or reductions in salary instituted during the period of short-term disability.”



# Short-Term Disability (STD)

- When the employee's STD claim is approved, The Hartford will email an Explanation of Benefits (EOB) statement to the email address provided by the agency/district.
- The EOB provides the employing organization with the following information:
  - STD Amount to pay the employee;
  - Payment (Approval) time periods; and
  - Offsets (Other Income Benefits) amounts, if applicable
- The STD benefit is paid by the State of Delaware on a bi-weekly basis via a payroll check through PHRST.
- **Only use the Net Benefit amount on the EOB to pay STD wages to your employees. The Net Benefit reflects the total disability, residual disability or minimum disability amount payable for the approved STD period.**



# Other Income Benefits

- Other Income Benefit means the amount of any benefit for loss of income, provided to the employee or to the employees family, during the same period the employee is awarded STD benefits.
- This includes any benefits for which the employee or the employee's family is eligible or that are paid to the employee, the employees family or to a third party on the employees behalf from programs such as:



# Other Income Benefits

- United States Social Security Act, the Civil Service Retirement System, the Railroad Retirement Act, the Jones Act, the Canada Pension Plan, the Quebec Pension Plan or similar act.
- The Veteran's Administration or any other foreign or domestic government agency for the same disability;
- Any temporary or permanent disability benefits under a Workers' Compensation law, occupational disease law, or similar law;
- Compulsory "no-Fault" (State or personal) automobile insurance;
- The portion of a settlement or judgment minus associated costs of a lawsuit that represents or compensates for the employees loss of earnings for the same disability.



# Other Income Benefits

- Please refer to the STD benefits booklet posted on our website at [www.ben.omb.delaware.gov/disability](http://www.ben.omb.delaware.gov/disability) to view the complete list of Other Income Benefits.



# Other Income Benefits

## Social Security Disability (SSD)

- **29 Del.C. §5253 ( c )(4):**  
“Any employee who applies for long-term benefits pursuant to this chapter must apply to the Social Security Administration for disability benefits. Long-term disability benefits provided under this chapter shall be reduced by any disability benefit received from the Social Security Administration.”
- The LTD program includes a full family offset. This means that the employee’s LTD benefit will be reduced or is offset by awards issued to family members by the Social Security Administration.
- Individuals awarded LTD benefits by The Hartford must also exhaust all appeal levels with the Social Security Administration for disability benefits; a process that can take more than a year to exhaust.



# Other Income Benefits

## Social Security Disability (SSD)

- ***Often, the Social Security Administration awards disability benefits retroactively back to the employees date of disability.*** Should this occur, the current or former employing organization is responsible for recouping overpaid STD wages from the current or former employee.
- As the LTD program is insured, overpaid LTD wages will be recouped by The Hartford.
- LTD beneficiaries are required to provide The Hartford with a copy of their award or estimated letter from the Social Security Administration.
- SSD awards on the STD Initial Account Balance Report will reflect the Recalculation Codes on the following slide



# Other Income Benefits

## Social Security Disability (SSD)

### Recalculation Reasons

### Explanation

- |                        |  |
|------------------------|--|
| ■ OIB-SS-PSSD Award    | Social Security Disability Award                     |
| ■ OIB-SS-PSSD Estimate | Estimated Social Security Disability Award           |
| ■ OIB-SS-PSSR Award    | Social Security Retirement Award                     |
| ■ OIB-SS-PSSR Estimate | Estimated Social Security Retirement                 |
| ■ OIB-SS-DSSD Award    | Dependent Social Security Disability Award           |
| ■ OIB-SS-DSSD Estimate | Estimated Dependent Social Security Award            |
| ■ OIB-SS-DSSR Award    | Dependent Social Security Retirement Award           |
| ■ OIB-SS-DSSR Estimate | Estimated Dependent Social Security Retirement Award |



## Other Income Benefits Workers' Compensation (WC) & State Personal Injury Protection (PIP)

- Employees enrolled in the DIP who expect to be out of work for at least 30 calendar days (elimination period) are required to file an STD claim, even if the employee applied for and/or is receiving Workers' Compensation (WC) or Personal Injury Protection (PIP) benefits.
- WC & *State* PIP claim information is provided to The Hartford in two ways:
  - First, within 24 hours of when the employee advises The Hartford of the nature of their injury and whether it was work related, The Hartford contacts the Insurance Coverage Office (ICO) for indemnity award information.



## Other Income Benefits

### Workers' Compensation (WC) & State Personal Injury Protection (PIP)

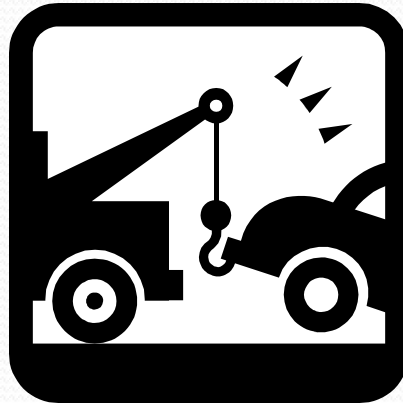
- The information provided by the ICO does not include Salary Supplement information. Unless instructed by the employing organization, The Hartford will adjudicate the employees STD claim on the assumption that the employee is entitled to the 3 month salary supplement.
- Secondly, the ICO provides SBO with a monthly report listing all employees who were awarded WC and PIP benefits during the prior month.
- SBO processes the report (i.e., eliminating employees not enrolled in the DIP and those who Return to Work (RTW) within the elimination period) and sends a revised report to The Hartford to upload into their claim systems.



## Other Income Benefits

### Employee Personal Injury Protection (PIP)

- The Hartford obtains the employees PIP award information directly from their personal auto carrier (i.e., Nationwide, Allstate, State Farm, etc.).



# Other Income Benefits

## Retroactive Awards

- **29 Del.C. §5943(h):**  
“No action for reimbursement of wages, benefits or both, improperly paid to a state employee shall be brought after the expiration of 3 years from the date the wages, benefits or both were improperly paid.”
- STD benefits are considered properly paid until the employee or former employee receives Other Income Benefits. The start of the 3-year period referenced in 29 Del.C. §5943(h) begins when the employing organization receives the emailed STD Initial Account Balance Report from The Hartford.
- The recoupment process should begin immediately.



# Other Income Benefits

## Agency/District Notifications

- Other Income Benefits awarded prospectively or retroactively offset STD wages paid to an employee and the offset amount must be recouped and refunded to the DIP Funding line by the current or former employing organization.
- An “**STD Initial Account Balance Report**” was created by The Hartford in 2007 to provide the employing organizations with notice of individual Other Income Benefit awards and/or additional STD benefits due on current and former STD claimants.



# Other Income Benefits

## Agency/District Notifications

- Detailed instructions on how to interpret data on the STD Initial Account Balance Report is posted under Procedure DIP-003 on the Statewide Benefits Office secure benefits representative website at <https://reps.omb.delaware.gov/>:
  - User name: reps
  - Password: BEN@hrm\*122



# Other Income Benefits

## Agency/District Notifications

- Within 2 weeks of receiving an emailed STD Initial Account Balance Report, please provide the Statewide Benefits Office with the following information:
  - Claimant's name
  - Do you agree with overpayment amount stated on the STD Initial Account Balance Report? If no, please explain.
  - Was correct STD overpayment amount recouped and refunded to the DIP funding line? If no, please explain.
  - Is your Organization working with the Division of Accounting to recoup the claimant's overpaid STD wages?



# Other Income Benefits

## Agency/District Notifications

- Subsequent information/data on all claimant recoupment's should be reported directly to the Statewide Benefits Office at \_\_\_\_\_.
- STD Initial Account Balance Reports cannot be duplicated by The Hartford but can be requested directly from the Statewide Benefits Office.
- Each agency/district HR Office is responsible for providing the Statewide Benefits Office with the current names & email addresses of appropriate internal contacts to receive emails, telephone calls and/or faxes from The Hartford.

# Other Income Benefits

## Agency/District Notifications

- Provide changes to contact information to the Statewide Benefits Office at (302) 739-8331 or by email at [benefits@state.de.us](mailto:benefits@state.de.us).
- Statewide Benefits maintains the organization distribution list for this program and provides The Hartford with updates, as applicable.
- ***Do not provide contact information directly to The Hartford.***



# Other Income Benefits

## Agency/District Notifications

- **As the DIP is a wage paying benefit, internal communication between the HR and Payroll offices is a must!**
  - *Reminder: It is important to always use secure measures when communicating protected health information (PHI) to help maintain the privacy and security of sensitive data.*
- **The Statewide Benefits Office has updated the DIP distribution list to include Organization Payroll Representatives.**



# Be On The Lookout: Statewide Benefits Office (SBO) Communications

- SBO Emails: Alerts, Memos and Organizational Specific Memos
- Statewide Benefits Office Secure Benefits Representative Website:
  - Communications
  - DIP information
  - Procedures

<https://reps.omb.delaware.gov/>

User name: reps

Password: BEN@hrm\*122



# Statewide Benefits Office

- Inquiries on the Disability Insurance Program should be directed to the Statewide Benefits Office Customer Service Unit at (302) 739-8331 or by email at [benefits@state.de.us](mailto:benefits@state.de.us).

[www.ben.omb.delaware.gov/disability](http://www.ben.omb.delaware.gov/disability)

