

# Disability Coverage

OHSU's leave policy allows you to accumulate leave days (sick, vacation and compensatory). But if you ever become disabled, you could quickly use this accrued leave and be left without an adequate income. That's why OHSU offers optional disability coverage. Disability plans provide an important source of income if you become disabled.

## Fast Facts

- **STD and LTD coverage options.** With UniversityFlex, your STD benefits will replace up to 65 percent of weekly pre-disability earnings, payable for up to 180 days. If you select LTD coverage, LTD benefits will replace up to 65 percent of monthly predisability earnings, beginning after 180 days of disability.
- **Disability benefits are coordinated.** This means your accrued leave days (sick, vacation, holiday and compensatory time), STD and LTD benefits will work together to provide a continuous source of income if you become disabled.
- **Pre-existing condition exclusions.** Both STD and LTD benefits are subject to pre-existing condition exclusions. A pre-existing condition is a mental or physical condition, whether or not diagnosed or misdiagnosed, for which you or a reasonably prudent person would have consulted a licensed medical professional, received medical treatment services or advice, undergone diagnostic procedures including self-administered procedures, or taken prescribed medications during the six-month period before your disability coverage took effect. You are not covered for a disability caused by or contributed by a pre-existing condition unless, on the date you become disabled, you have been continuously insured under an OHSU disability plan for 24 months and have completed one full day of active work after this 24-month period.

## Disability Options

### Optional Short-Term Disability (STD)

Replaces 65 percent of your weekly earnings. Your benefits begin based on the waiting period option you select:

- 8 days
- 30 days
- 90 days

Full benefits begin only after you use all your sick leave hours, regardless of the waiting period option you select.

### Optional Long-Term Disability (LTD)

Replaces 65 percent of your monthly income, coordinated with other disability benefits, after you have been disabled for 180 days.

**Remember ...**

**UniversityFlex** disability coverage is an after-tax benefit.

**Disability Exclusions and Limitations**

STD and LTD benefits are not payable if your disability is caused or contributed to by war or any act of war; an intentionally self-inflicted injury; a pre-existing condition (as defined previously); committing or attempting to commit an assault or felony or actively participating in a violent disorder or riot (unless performing official duties); loss of your professional license, occupational license, or certification.

STD and LTD benefits are not payable for any periods you are: not under the ongoing care of a physician in the appropriate specialty; away from work under the terms of your employment; in prison; not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by Standard Insurance Company.

No STD benefits are payable for a work-related disability. LTD benefits are limited to 24 months for a disability caused or contributed to by a mental disorder (unless you are hospital-confined at the end of those 24 months - the limitation will not apply while you remain continuously confined).

**Example**

**Bob earns \$500 a week and has accumulated 42 days of sick leave. He selects STD coverage and the 30th day waiting period option. If Bob becomes disabled, he will receive:**

- His normal sick leave benefit (\$500 a week less taxes) for the first 42 days of his disability. Even though Bob selected the 30th day waiting period option, he must use all of his sick days before receiving full STD benefits.
- Minimum STD benefits of \$25 a week from the 30th to 42nd day of disability. Bob will receive the minimum plan benefit until he uses all his sick days.
- STD benefits of \$325 a week ( $\$500 \times 65\%$ ) starting the 43rd day of disability. Bob will continue receiving STD benefits until he has been disabled for a total of 180 days or no longer is disabled. If Bob is still disabled after 180 days, he may receive LTD benefits if he selected LTD coverage.

**Note:** STD payments are not taxable. In the example above and starting on the 43rd day of disability, Bob would receive a weekly check of \$325 from the STD plan.

## 2008 Monthly Costs for Disability Coverage

### Short-Term Disability

Waiting Period (without benefits)	Costs
8th day	1.08% of your biweekly earnings
30th day	.26% of your biweekly earnings
90th day	.07% of your biweekly earnings

### Long-Term Disability

.46% of your biweekly earnings

### Example

Bob earns \$900 biweekly. He selects STD coverage and the 8 day pay waiting period. He also selects LTD coverage.

- Bob's cost of STD is \$9.72 biweekly ( $\$900 \times .0108$ ).
- Bob's cost of LTD is \$4.14 biweekly ( $\$900 \times .0046$ ).

### *Benefit Start Date*

There are no disability benefits paid during the waiting period. The minimum weekly benefit is \$25 while you are receiving sick leave benefits.

- 8 day waiting period option  
1-7 days, no benefits
- 30 day waiting period option:  
1-29 days, no benefits
- 90 day waiting period option:  
1-89 days, no benefits

Full benefits begin only after you use all your sick days, regardless of the waiting period option you select.

If you later change your waiting period option to a shorter waiting period, the change will be subject to a new pre-existing condition exclusion.

## Disability Benefits

Your STD and LTD benefits will be reduced by other income you receive or are eligible to receive from other sources. The OHSU plan will supplement your deductible income so that your total benefits from these sources and this plan equal 65 percent of your pre-disability earnings.

This means that if you or your family qualifies for payments from other sources of income—including but not limited to Social Security, workers' compensation, or work earnings from OHSU, any other employer or self-employment—our STD and LTD benefits will coordinate with this other income so that your disability benefit plus your other income will equal 65 percent of your pre-disability earnings.

While you are disabled and receiving benefits, no STD or LTD benefits are payable for any period when you are able to work and earn at least 20 percent of your pre-disability earnings but choose not to work.

Your disability benefits will also be reduced by any amount you receive or will receive from or on behalf of a third party (such as automobile insurance) because of your disability, whether by judgement, settlement or other method.

## Optional Short-Term Disability

If you become disabled and unable to work because of a nonwork-related illness or injury or because of pregnancy, you may receive full STD benefits after you've used all your sick leave and other salary continuation (other than vacation pay). STD will replace 65 percent of your pre-disability earnings (regular pay plus shift and weekend differentials) for up to 180 days. The minimum weekly benefit is \$25; the maximum is \$1,250. The date your STD benefits begin depends on which of these waiting period options you select:

- 8-day
- 30-day
- 90-day

You will receive disability benefits for up to 180 days (less your waiting period selection) from the date of disability or until you no longer are disabled, whichever occurs first.

## Optional Long-Term Disability

If you select LTD coverage, you may receive a total of 65 percent of your monthly pre-disability earnings (regular pay plus shift and weekend differentials) after you have been disabled for 180 days (the benefits waiting period).

Your LTD benefits are coordinated with any other disability benefits you receive. The amount of LTD benefits you receive will be reduced by the amount of other income you receive during this time (such as Social Security payments), so that the total combined payment you receive will equal 65 percent of your monthly pre-disability earnings. This means if you or your family qualifies for payments from other sources of disability income, including Social Security, workers' compensation and pension, your LTD benefits will coordinate with these other sources to pay an amount equal to the amount you would receive from the LTD plan.

The minimum monthly benefit is \$50; the maximum is \$5,417. Your LTD benefits will continue until you no longer are disabled or you reach age 65, or the maximum benefit period whichever occurs first. However, you may receive benefits longer if you become disabled after age 62. LTD benefits for a disability caused or contributed to by a mental illness are limited to 24 months for each period of disability.

### Maximum Benefit Period

Determined by your age when disability begins, as follows:

Age	Maximum Benefit Period
61 or younger .....	to age 65, or 3 years 6 months, whichever is longer.
62 .....	3 years 6 months
63 .....	3 years
64 .....	2 years 6 months
65 .....	2 years
66 .....	1 years 9 months
67 .....	1 year 6 months
68 .....	1 year 3 months
69 or older .....	1 year

**Own occupation definition of disability.** During the benefits waiting period and for the next 24 months you are unable to perform with reasonable continuity the material duties of your own occupation and you suffer a loss of at least 20 percent of indexed pre-disability earnings when working in your own or any other occupation.

## Working While You Are Disabled

If you return to work part time, but due to your medical condition you still are considered partially disabled, you may continue to receive partial LTD payments. Combined, your paycheck plus your partial disability benefits may add up to more than you would get from your disability benefits alone.

## Things to Consider

As you make your optional disability enrollment decisions, you may want to ask the following questions:

- Should you enroll in STD, LTD or both disability options? To choose the coverage that's right for you, ask yourself:
  - What are your day-to-day expenses? Would you incur any additional expenses if you became disabled?
  - What are your other possible sources of income if you became disabled (for example, your spouse's income and personal savings)?
- How many sick days have you accrued? This may help you select the STD waiting period option.
- Have there been any changes in your family's financial situation that may affect your need for disability protection? For example, has your spouse started or ended employment? Do you now have any dependents for whom you are financially responsible?
- Do you work part time in another occupation?

## Example

Sara earned \$1,000 biweekly when she became disabled. Because she selected LTD coverage, her monthly benefit was \$1,408. Sara's monthly earnings were \$2,168 ( $\$1,000 \times 26/12$ ).

Sara's monthly LTD benefit was \$1,408 ( $\$2,168 \times 65\%$ ). Sara also qualifies for disability benefits from Social Security of \$578 per month. By coordinating her disability benefits from both sources – the LTD plan and Social Security – she will receive a benefit equal to 65 percent of her pre-disability monthly earnings. Here's how Sara's LTD benefits coordinate with Social Security benefits:

Sara's LTD benefit: \$1,408 per month

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Sara's Social Security benefit: \$578 per month

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Her benefit paid by the LTD plan: \$830 ( $\$1,408 - \$578$ ).

LTD payments are not taxed. In this example, Sara would receive a monthly check from the LTD plan of \$830.