

# City of Los Angeles

## Frequently Asked Questions About Disability Benefits From The Standard

The following information is a brief synopsis of frequently asked questions regarding the City of Los Angeles' Short Term Disability (STD) and Long Term Disability (LTD) benefit programs, administered by Standard Insurance Company (The Standard). This information is in no way a complete review of the benefit policies, nor is it meant to replace the Certificate of Coverage outlining your benefits. If you do not have a Certificate of Coverage please contact your Employee Benefits Member Services Representative by dialing 213-978-1655.

### **Benefits:**

#### **1. How much will I get paid if I am disabled?**

The City of Los Angeles has a STD plan and a LTD plan, each with two payment options:

Plan 1 (Basic) for STD and LTD benefits is a core plan provided by the City to all eligible employees; Plan 2 (Supplemental) for STD and LTD benefits, is paid for by the employee. Plan 1 pays 50% of the amount you were earning when you became disabled (predisability earnings) up to a maximum of \$3,129 per month. Plan 2 pays 66 2/3% of your predisability earnings up to a maximum of \$12,000 per month.

#### **2. When do my benefits become payable?**

The benefit waiting period (period of time you must be disabled before benefits become payable) for the STD policy is the end of the period for which you are eligible for 100% and 75% sick leave. The benefit waiting period for LTD is the end of the period for which you are eligible for 100% and 75% sick leave plus 180 days. If you do not have sick leave that you can use there is a zero day waiting period for STD and a 180-day waiting period for LTD.

#### **3. What if I receive a new bank of sick leave at the beginning of the year?**

If you receive sick leave at the beginning of the year and you are still serving the benefit waiting period, the additional days you receive will extend the benefit waiting period. If you are receiving benefits at the time a new bank of sick leave is received, the amount of sick leave you are able to use will be deducted from your STD or LTD benefits.

#### **4. How often will I receive checks?**

STD benefits are paid on a weekly basis. Benefit checks are mailed on Wednesdays covering payment for the previous Monday through Sunday. LTD benefits are paid on a monthly basis, at the end of the benefit month. Your disability date and benefit waiting period will determine your benefit month. For LTD benefits you also have the option of having your benefit payments directly deposited into your bank account via electronic funds transfer (EFT) or transferred to a SecureCard (similar to a debit card) provided by The Standard and U.S. Bank. Please contact the benefits analyst administering your claim for details on these options.

## **Deductible Income:**

### **1. How will Workers' Compensation affect my disability claim?**

Workers' Compensation benefits are deductible from LTD benefits. (*Note: you are not eligible for STD benefits if you are receiving or eligible to receive Workers' Compensation benefits*). All Workers' Compensation benefits are deductible except permanent benefits. The City of Los Angeles Workers' Compensation pays three types of benefits that will be deducted from your disability benefit if you receive or are eligible to receive them. Deductible Workers' Compensation benefits include IOD, State Rate and Vocational Rehab Maintenance Allowance.

### **2. Do I have to apply for Los Angeles City Employee's Retirement System (LACERS) benefits?**

The group policy requires that you apply for LACERS Disability benefits if you are eligible for those benefits. You are not required to apply for Service Retirement benefits. Currently the City requires that employees apply for LACERS Disability benefits within 12 months from their last date on payroll. If you do not apply for these benefits during the designated period of time, you will have missed your chance to apply. LACERS Disability benefits are deductible if you are receiving them or are *eligible to receive* them. Therefore, if you do not file your claim with LACERS in a timely manner and miss the opportunity to receive these benefits, The Standard may still be obligated, per the City of Los Angeles group policy, to reduce your monthly LTD benefit by the amount you would have been eligible to receive. Note that these benefits are not deductible from your STD benefits.

### **3. I have disability benefits through another policy, how will these benefits affect my disability benefits through The Standard?**

We understand that you may be eligible for additional disability benefits through another program such as LACEA or PORAC. Benefits you receive through another group insurance plan will be deductible. If your other benefit plan deducts the benefits you receive from The Standard, we will coordinate benefits with them so that you receive the amount of benefits payable under the greater plan, with payment from both entities. For example, if you are to receive 50% of your predisability earnings (up to the designated maximum) from The Standard and 60% of your predisability earnings from the other plan, you will receive a total of 60% between both plans. Please note that Individual Disability benefits, such as those you would receive through AFLAC, would not be deductible from your City of Los Angeles group disability benefits.

### **4. What if I choose not to apply for deductible income?**

The City of Los Angeles group disability policy requires that you apply for deductible income you may be eligible to receive. If you do not apply for other income you are eligible to receive, The Standard has the right to deduct the amount we estimate you would be eligible to receive upon proper pursuit of the deductible income.

### **5. What if I receive benefits for a retroactive period of time?**

You may receive payment of other income for an earlier period of time (retroactive or past benefits) than the approval date. If the award includes past benefits, or if you receive other income before notifying The Standard, there will be an overpayment on your claim. This is because you received benefits from The Standard AND income from another source for the same period of time. You will be asked to immediately repay The Standard for any overpayment occurring on your claim. You will not receive any additional benefits until The Standard has been repaid in full.

## **Return to Work:**

### **1. What if I return to work to a modified duty or on a part time basis?**

If the medical information provided by your doctor continues to support that you are unable to work full time in your own occupation, you may be entitled to continued benefits while working. The City of Los Angeles disability plans contain a provision called the Return to Work Incentive. For the first 12 months following the date you return to work, while disabled, you are eligible to receive 100% of your predisability earnings between work earnings and disability benefits combined. For example: If your predisability earnings are \$3000 and your disability benefit is \$2000, you can return to work earning up to \$1000 before The Standard will reduce your disability benefit. If you return to work earning \$1500, you will receive \$1500 from The Standard for a total of \$3000 (\$1500 work earnings + \$1500 disability benefits). After the first 12 months following your initial return to work date, one-half of your work earnings will be used to reduce your disability benefit. For example: If your disability benefit is \$2000, work earnings are \$1000, \$500 is deductible income. Your total income equals \$2500 (\$1000 work earnings + \$1500 LTD benefits).

## **Taxability:**

### **1. Are my disability benefits taxable?**

Yes. The percentage of taxable benefits depends on what plan you are covered under (Basic or Supplemental). All benefits under the Basic plan are 100% taxable. Benefits under the Supplemental plan are less than 100% taxable. The explanation of benefits you receive with your disability check will reflect the amount of benefits that are considered taxable.

### **2. Can I have taxes withheld from my disability benefits?**

Yes, you may have State and/or Federal income taxes withheld from your STD and LTD disability benefits. State and Federal tax withholding from your disability benefit is voluntary. You may choose to have taxes withheld from your benefit or wait until you file your tax return to determine the amount of taxes to be paid. You will receive tax withholding forms and notice of the taxable percentage upon approval of your LTD claim. If you would like taxes withheld from your STD benefit please request forms from the Benefits Examiner handling your claim.

### **3. Will I receive a W-2 form?**

You will receive a W-2 form for disability benefits you received from The Standard. You will receive one form per claim paid by The Standard. Therefore, if you have two STD claims and one LTD claim, you will receive three W-2 forms.

## **Policy Provisions and Definitions:**

### **1. What is the Definition of Disability?**

The STD policy defines disability as follows:

**Total Disability Definition:** You are Totally Disabled from your Own Occupation if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to perform with reasonable continuity the Substantial And Material Acts necessary to pursue your Own Occupation and you are not working in your Own Occupation.

**Partial Disability Definition:** You are Partially Disabled from your Own Occupation if you are not Totally Disabled and you are actually working in your Own Occupation but, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to earn 80% or more of your Predisability Earnings.

The LTD policy defines disability as follows:

During the Benefit Waiting Period and the Own Occupation Period (first 24 months after the Benefit Waiting Period) you are required to be Disabled only from your Own Occupation.

**Total Disability Definition:** You are Totally Disabled from your Own Occupation if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to perform with reasonable continuity the Substantial And Material Acts necessary to pursue our Own Occupation and you are not working in your Own Occupation.

**Partial Disability Definition:** You are Partially Disabled from your Own Occupation if you are not Totally Disabled and you are actually working in your Own Occupation but, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to earn 80% or more of your Predisability Earnings.

**Own Occupation** may be interpreted to mean the employment, business, trade or profession that involves the Substantial And Material Acts of the occupation you are regularly performing for your Employer when Disability begins. Own Occupation is not necessarily limited to the specific job you perform for your Employer.

**Substantial And Material Acts** means the important tasks, functions and operations generally required by employers from those engaged in your Own Occupation that cannot be reasonably omitted or modified. In determining what Substantial And Material Acts are necessary to pursue your Own Occupation, we will first look at the specific duties required by your job. If you are unable to perform one or more of these duties with reasonable continuity, we will then determine whether those duties are customarily required of other individuals engaged in your Own Occupation. If any specific, material duties required of you by your job differ from the material duties customarily required of other individuals engaged in your Own Occupation, then we will not consider those duties in determining what Substantial And Material Acts are necessary to pursue your Own Occupation.

After 24 months of disability you need to be Totally Disabled from all occupations or Partially Disabled.

**Total Disability Definition:** You are Totally Disabled from all occupations if, as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to engage with reasonable continuity in Any Occupation.

**Partial Disability Definition:** You are Partially Disabled if you are not Totally Disabled and you are actually working in an occupation but as a result of Physical Disease, Injury, Pregnancy or Mental Disorder, you are unable to engage with reasonable continuity in that occupation or Any Occupation.

## 2. How long will I receive benefits?

The length of time you receive benefits will depend on the plan you are covered under. No benefits are payable after you are no longer disabled as defined by the policy or reach the maximum benefit period.

- STD: Both Plan 1 (Basic) and Plan 2 (Supplemental) benefits under the STD policy pay for a maximum period of 180 days after sick leave is exhausted.
- LTD: Plan 1 benefits are paid for a maximum period of 18 months after the benefit waiting period. Plan 2 benefits are paid to a maximum of age 65 with a change in the definition of disability after 24 months.

## 3. Are there any limitations to the policy?

Yes, below are examples of some of the limitations in the STD and LTD group policies. Please refer to your Certificate of Coverage for a complete list of limitations and exclusions.

### Short Term Disability

- No STD Benefits will be paid for any period of disability when you are not under the ongoing care of a Physician.
- No STD Benefits will be paid for any period when you are eligible to receive benefits under a Workers' Compensation law or similar law. If your claim for these benefits is accepted, compromised or settled (whether disputed or undisputed), you must repay us for the full amount of any payments we make to you while your claim for occupational benefits is pending.
- No STD Benefits will be paid for any period: (a) when you are working for wage or profit for any employer other than your Employer; or (b) when you are self-employed. This limitation applies whether you are working in your own or another occupation.

### Long Term Disability

- No LTD Benefits will be paid for any period of Disability when you are not under the ongoing care of a Physician in the appropriate specialty as determined by The Standard.
- Payment of LTD Benefits is limited to 18 months during your entire lifetime for a Disability caused or contributed to by a Mental Disorder, or your use of alcohol, alcoholism, use of any drug, including hallucinogens, or drug addiction.

- If you apply for disability benefits within the first year that you become insured for those benefits, The Standard will be required to conduct a preexisting condition investigation. If The Standard finds that you received medical treatment or services, or took prescribed drugs or medication for conditions causing or contributing to your disability, during the 90-day period just prior to your insurance effective date your claim may be excluded from payment. The policy also states that if you have been continuously insured for the entire Treatment-Free Period (6 consecutive months after your insurance becomes effective) and have not consulted a physician, received medical treatment or services or taken prescribed drugs or medication for conditions causing or contributing to your disability, you are eligible for benefits even if you were seen during the pre-existing condition time period. If you were seen during both the preexisting condition period (90-days) and the Treatment-Free Period (6 months) your claim would be excluded from payment for the conditions for which you were treated during the preexisting condition period.

### **Contact Information:**

#### **1. Who should I contact if I have questions about my disability policy?**

If you have questions regarding your disability policy, please contact The Standard. Carla Mohr 1-800-368-2859 x3398 for an STD claim, or Susan Kranitz 1-800-368-2859 x6120 for an LTD claim. They will be happy to answer your questions regarding the provisions of the policy.

#### **2. Who should I contact if I have questions about my disability claim?**

If you have questions regarding a disability claim that you have submitted please contact your benefits representative. If you do not know the name of your benefits representative contact The Standard's customer service team at 1-800-368-2859 and they will be happy to assist you.

#### **3. Who do I contact if I need to submit a claim?**

If you need to submit a claim please contact your Member Service Representative with the City of Los Angeles Employee Benefits Division at 213-978-1655.