

## **Long Term Disability Insurance**

This subsection summarizes the group Long Term Disability Insurance plan available through PEBB. It is a summary only. For full details, see the Certificate of Insurance on the PEBB Website. The controlling provisions of the plan are in the group policy issued by The Standard Insurance Company. The information presented in this summary and in the Certificate of Insurance in no way modifies that group policy or the insurance coverage.

### **Eligibility for Coverage**

To be eligible for Optional Long Term Disability (LTD) Insurance, you must be an active employee of the state of Oregon who is regularly scheduled to work and who meets the terms of eligibility in PEBB Administrative Rules.

You are not eligible if you are: a seasonal or intermittent employee; an employee scheduled to work fewer than 90 days; a temporary employee; a full-time member of the armed forces of any country.

### **Effective Date of Coverage**

Your LTD Insurance becomes effective:

- The first day of the calendar month following the date you enroll, if you enroll within 60 days after becoming an eligible employee
- January 1 of the following year if you enroll during the annual open enrollment period
- The first day of the calendar month following the date you enroll, if you enroll within 60 days following a qualified status change (as determined by your employer).

You pay the entire cost of coverage.

### **Actively at Work Requirement**

You must meet the Actively at Work Requirement for any coverage or increase in coverage to become effective.

If you are incapable of Active Work because of Sickness, Injury or Pregnancy on the day before the scheduled effective date of your insurance or an increase in your insurance, your insurance or increase will not become effective until the day after you complete one full day of Active Work as an eligible Member. Active Work and Actively At Work mean performing the material duties of your own occupation at your Employer's usual place of business.

You will also meet the Active Work requirement if:

1. You were absent from Active Work because of a regularly scheduled day off, holiday, or vacation day;
2. You were Actively at Work on your last scheduled work day before the date of your absence; and
3. You were capable of Active Work.

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**Benefit Amount**

The Standard pays benefits at the end of each month in which you qualify. When you apply for coverage, you elect one of the following monthly benefits:

- An amount equal to 60 percent of the first \$12,000 of your predisability earnings. The monthly maximum benefit, before reduction by deductible income, is \$7,200.
- An amount equal to 66 2/3 percent of the first \$12,000 of your predisability earnings. The monthly maximum benefit, before reduction by deductible income, is \$8,000.

The monthly minimum benefit, after reduction by deductible income, is \$50. Your monthly benefit will be no less than \$50 while you qualify. If you are disabled for less than a full month, The Standard will pay you one-thirtieth (1/30) of the benefit for each day of disability.

**Note:** If you initially elect the 60-percent benefit and later increase to the 66 2/3-percent benefit, The Standard will apply a new pre-existing condition exclusion to the change. In this case, if you become disabled and the increased benefit is not payable because of the new pre-existing condition exclusion, The Standard will administer your claim as if you had not elected to change your benefit percentage.

**Benefit Waiting Period**

The benefit waiting period is the number of days for which you must remain continuously disabled and during which benefits are not payable. When you apply for coverage, you elect a benefit waiting period of either 90 or 180 days. If The Standard approves your claim, it will pay benefits after the end of the benefit waiting period.

**Note:** If you initially elect a 180-day benefit waiting period and later reduce your benefit waiting period to 90 days, The Standard will apply a new pre-existing condition exclusion. If you become disabled and benefits are not payable because of the new pre-existing condition exclusion, The Standard will administer your claim as if you had not elected to change your benefit waiting period.

**Maximum Benefit Period**

LTD benefits may continue during Disability up to the end of the maximum benefit period (shown below). This is the maximum period for which LTD benefits are payable for any one period of continuous Disability.

<u>Your age when Disability began</u>	<u>Maximum Benefit Period</u>
61 or younger .....	to age 65, or 3 years 6 months if longer
62.....	3 years 6 months
63.....	3 years
64.....	2 years 6 months
65.....	2 years

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66.....	1 year 9 months
67.....	1 year 6 months
68.....	1 year 3 months
69 or older.....	1 year

**Additional Benefits for the Severely Disabled**

If you are eligible for the Assisted Living Benefit, the amount of your benefit (before reduction by deductible income) will be increased to 80 percent of the first \$12,000 of your predisability earnings.

To be eligible for the Assisted Living Benefit you must provide proof that, while you are disabled and LTD benefits are payable, either of the following occurs:

- You become unable to safely and completely perform two or more activities of daily living\* without hands-on assistance or standby assistance; or
- You require substantial supervision for your health or safety because of severe cognitive impairment.

The condition must be expected to last 90 days or more, as certified by a physician in the appropriate specialty.

The Assisted Living Benefit is not payable if the condition is caused or contributed to by:

- War or act of war, whether declared or undeclared
- Intentionally self-inflicted injury, while sane or insane;
- Mental disorder
- Being under the influence of intoxicating liquor as defined by the laws of Oregon
- Alcoholism
- Use of any drug (unless under direction of physician)
- Drug addiction
- A preexisting condition (as defined in Exclusions and Limitations)
- Committing or attempting to commit an assault or felony
- Active participation in a violent disorder or riot (except while performing official duties).

\*Activities of daily living are bathing, continence, dressing, eating, toileting and transferring.

**Definition of Disability**

The Standard terms you disabled if, during the benefit waiting period and the next 24 months, you are unable to perform with reasonable continuity the material duties of your own occupation as a result of physical disease, injury, pregnancy or mental disorder.

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Thereafter, The Standard terms you disabled if, as a result of physical disease, injury, pregnancy or mental disorder, you are unable to perform with reasonable continuity the material duties of any gainful occupation for which you are reasonably fitted by education, training and experience.

#### **Return to Work Incentive**

You may work for any employer while receiving LTD benefits, provided you meet the definition of Disability described above. Earnings from work are used to reduce the amount of your LTD benefit, as follows:

- During the first 12 months of working, your work earnings are used to reduce the LTD benefit to the extent that they exceed 100% of your predisability earnings when added to your gross LTD benefit.
- Thereafter, your LTD benefit is reduced by one-half of your work earnings.

#### **Family Care Expense Adjustment**

If you must pay family care expenses in order to work, your work earnings for purposes of calculating your LTD benefit will be reduced by those family care expenses, subject to the following limits:

- Your work earnings will be reduced by up to \$250 of expenses per eligible family member.
- The total expenses by which work earnings will be reduced will not exceed \$500 per month for all eligible family members.
- This benefit will end 24 months after it begins.

A family care expense is the amount you pay a licensed care provider for the care of an eligible family member which is necessary in order for you to work.

Eligible family members are:

- Your child or the child of your spouse or domestic partner from live birth through age 11 (or over age 11, if the child is continuously incapable of self-sustaining employment because of mental retardation or physical handicap and chiefly dependent upon you for support and maintenance).
- Your spouse, domestic partner, parent, grandparent, sibling, or other close family member residing in your home who is continuously incapable of self-sustaining employment because of mental retardation or physical handicap and chiefly dependent upon you for support and maintenance.

#### **Rehabilitation Plan**

You may apply to participate in a Rehabilitation Plan by submitting a form or letter to The Standard. If they approved your Rehabilitation Plan, The Standard may reimburse you for some or all of the following expenses you incur in connection with the plan, including: training and education expenses; family care expenses; job-related expenses; job search expenses.

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### **Reasonable Accommodation Benefit**

If you return to work in any occupation for any employer (not including self-employment) as a result of a workplace accommodation made by the employer, The Standard will reimburse the employer for the expenses incurred, up to an amount agreed upon in advance and in writing.

### **Temporary Recovery**

If you temporarily recover and then become Disabled again from the same cause or causes, you will not be required to serve a new benefit waiting period, provided the period of recovery does not exceed the following applicable periods:

- During the benefit waiting period: a total equal to 5 days for every 30 days of the benefit waiting period
- During the maximum benefit period: 180 days for each period of recovery

Benefits will resume as if no break in coverage had occurred (the predisability earnings used to determine your LTD benefit remain the same, and the maximum benefit period, own occupation period and maximum period for benefits under the Mental Disorder limitation will be reduced by the previous period or periods of Disability).

### **Predisability Earnings**

Predisability earnings are your monthly earnings from the State of Oregon in effect on **the last full day of active work**, and include:

- Salary
- Grant assistance wages
- Stipends
- Contributions you make through a salary reduction agreement with your employer to an IRC Section 401(k), 403(b) or 457 deferred compensation arrangement, or an executive nonqualified deferred compensation arrangement
- Amounts contributed to fringe benefits according to salary reduction agreements under an IRC Section 125 plan

Predisability earnings exclude: bonuses; overtime pay; your employer's contribution to a deferred compensation arrangement or pension plan; your state-paid benefit amounts in excess of your premiums for medical insurance, dental insurance and the first \$50,000 of group life insurance; or any other extra compensation.

If you are paid hourly, predisability earnings are determined by multiplying your hourly pay rate by the average number of hours you worked per month during the preceding 3 calendar months (or during your period of employment if less than 3 months), but not more than 173 hours.

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### **Deductible Income**

The following amounts will be considered deductible income, and used to reduce the amount of your LTD benefit:

- Work earnings, as described in the Return To Work Incentive.
- Sick pay or other salary continuation (including donated leave) paid to you by your Employer, but not including vacation pay
- Amounts for which you are eligible under a workers' compensation law or similar law.
- Amounts you, your spouse, or your children under age 18 are eligible to receive because of your disability or retirement under the Federal Social Security Act or any similar plan or act.
- Amounts you are eligible to receive under any state disability income benefit law or similar law.
- Amounts you are eligible to receive because of your disability under any other group insurance coverage.
- Disability or retirement benefits you are eligible to receive under your employer's retirement plan, including PERS, STRS and any plan arranged and maintained by a union or employee association for the benefit of its members.
- For employees of the Oregon University System, benefits you are eligible to receive under an employer-sponsored individual disability policy arranged for individuals in a common group.
- Amounts received by compromise, settlement or other method as a result of a claim for the above, whether disputed or undisputed.

### **Survivors Benefit**

If you die while receiving LTD benefits, a lump sum benefit equal to 3 times your LTD benefit (before reduction by deductible income) will be paid to the first of the following eligible survivors:

- Your spouse or domestic partner.
- Your children under age 24 who meet the terms of eligibility outlined in the PEBB Administrative Rules.
- Your spouse or Domestic Partner's children under age 24 who meet the terms of eligibility outlined in the PEBB Administrative Rules.
- Any person providing care and support for any of the above.
- A spouse is a person to whom you are legally married. A domestic partner is a person who meets the eligibility requirements outlined in the PEBB Administrative Rules.

### **Exclusions and Limitations**

You are not covered for a disability caused or contributed to by:

- An intentionally self-inflicted injury, while sane or insane.
- A Preexisting Condition. A Preexisting Condition is a mental or physical condition for which, during the 90 days immediately preceding the date you became insured, you consulted a physician, received medical treatment or services, or took prescribed drugs or medications. This exclusion will not apply to a Disability which begins after you have been

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insured under the group policy for 12 months and have been actively at work for at least one day after those 12 months.

**Note:** A new Preexisting Condition exclusion will apply to an increase in benefit percentage and/or decrease in benefit waiting period.

No LTD benefits will be paid for any period:

- You are not under the on-going care of a physician.
- You are confined for any reason in a penal or correctional institution.

**Mental Disorder Limitation:** Payment of LTD benefits will be limited to 24 months for each period of continuous Disability caused or contributed to by a mental disorder. However, if you are confined in a hospital\* at the end of the 24 months, this limitation will not apply while you are continuously confined.

\*Hospital includes only legally-operated hospitals providing full-time medical care and treatment under the direction of a full-time staff of licensed physicians. Hospital does not include rest homes, nursing homes, convalescent homes, homes for the aged or facilities primarily affording custodial, educational, or rehabilitative care.

### **When LTD Benefits End**

LTD benefits will end on the earliest of the following dates:

- The date you are no longer disabled.
- The end of the maximum benefit period.
- The date you die.
- The date benefits become payable to you under any other group long term disability insurance policy under which you become insured during a period of temporary recovery.

### **When Coverage Ends**

Your Long Term Disability coverage ends automatically on the earliest of the following dates:

- The date the last period ends for which a premium was paid for your coverage.
- The date you cease to meet the terms of eligibility outlined in the PEBB Administrative Rules.
- The date you become a full-time member of the armed forces.
- The date the group policy terminates.

### **Claims**

If you wish to make a claim you must, at your expense, submit to The Standard completed claims statements, your signed authorization to obtain information and any other items they may reasonably require in support of your claim.

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The Standard may investigate your claim at any time. They may have you examined at reasonable intervals by specialists of their choice, and they may deny or suspend benefits if you fail to attend an examination or cooperate with the examiner.

You will receive a written decision on your claim within a reasonable time after The Standard receives your claim. If you do not receive their decision within 90 days, you can request a review as if your claim had been denied.

If The Standard denies any part of your claim, you will receive a written notice of denial containing the reasons for their decision, reference to the parts of the group policy supporting their decision, a description of any additional information needed to support your claim, and information concerning your right to a review of their decision.

If you would like The Standard to conduct a review of the denial of all or part of your claim, you must request the review in writing within 60 days after you receive the notice of the denial. When you request a review, you may send written comments or other items to support your claim. You also may review any non-privileged information that relates to your request for review. The Standard will review your claim promptly after receiving your request. They will send you a notice of their final decision within 60 days after receiving your request, or within 120 days if special circumstances require an extension. In the notice, they will state the reasons for their decision and refer you to the relevant parts of the group policy that support their decision.

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**Premium Rates**

This insurance may replace a portion of your monthly income should you become disabled. You must self pay for this coverage; the state does not provide a benefit amount for this benefit.

<b>Long-term Disability Summary</b> <b>Premium = Rate X month salary</b>				
Option	Rate	Waiting Period	Coverage	Coverage Maximum/Minimum
1	\$0.0046	90 days	60% of first \$12,000 minus deductible income	\$7,200 before reduction by deductible income/\$50
2	\$0.0018	180 days		
3	\$0.0099	90 days	66 2/3% of first \$12,000 minus deductible income	\$8,000 before reduction by deductible income/\$50
4	\$0.0025	180 days		

Here is an example to illustrate your premium cost based on your choice of options:

You choose option 1 -- with a 90-day waiting period and a monthly benefit amount of 60 percent of your pre-disability earnings.

Your gross monthly salary (before any deductions)	\$1,900
Times premium	X 0.0046
Premium amount you pay each month	\$8.74