



About This Booklet

This booklet is designed to answer some common questions about the group Voluntary Short Term Disability (STD) insurance coverage being offered by Hennepin County to eligible employees. It is not intended to provide a detailed description of the coverage.

If coverage becomes effective and you become insured, you will receive a group insurance certificate containing a detailed description of the insurance coverage including the definitions, exclusions, limitations, reductions and terminating events. The controlling provisions will be in the *group policy* issued by Standard Insurance Company (The Standard). Neither the certificate nor the information presented in this handout modifies the *group policy* or the insurance coverage in any way. If you have additional questions, please contact the Hennepin County Benefits Unit at (612) 348-3530.

Please note that defined terms and provisions from the *group policy* are italicized in this booklet.

Voluntary Short Term Disability Insurance Features

STD insurance is designed to pay a weekly benefit to you in the event you cannot work because of a covered illness or *injury*. This benefit replaces a portion of your income, thus helping you meet your financial commitments in a time of need.

By sponsoring group Voluntary STD insurance from The Standard, Hennepin County offers you an excellent opportunity to help protect yourself and your lifestyle. The advantages to you include:

- **Convenience.** Similar to the arrangement with paying for Long Term Disability, sick leave/ PTO hours will be traded or premiums will be deducted directly from your paycheck. You don't have to worry about mailing monthly payments.
- **Savings.** Typically, group insurance rates are lower than the rates of individual insurance plans, generally providing you with coverage at a lower cost.
- **Peace of Mind.** You can take comfort and satisfaction in knowing that you have taken a step toward securing your income during a period of disability.

Commonly Asked Questions

The following information provides details to give you a better understanding of group Voluntary STD insurance available from The Standard.

Do I need STD insurance?

If you are not certain that you need STD coverage, consider if you would be able to meet your financial obligations if you became *disabled* and unable to work for an extended period of time. The risk of disability may be greater than you think. Recent statistics have shown:

- Every 90 seconds someone files for bankruptcy in the wake of a serious illness (*The American Journal of Medicine*, Vol. 122, No. 8, August 2009)
- Almost three in 10 of today's 20-year-olds will become disabled before reaching age 67 (Social Security Administration, Fact Sheet 2009)
- One in four Americans say they would have difficulty supporting themselves financially immediately following a disability; three out of four say they would face financial trouble within six months (Disability survey conducted by Kelton Research on behalf of the LIFE Foundation, April 2009)

If you depend on your regular paycheck to pay your bills, what would happen if you became sick and couldn't work? Voluntary STD insurance from The Standard may be part of the solution.

Am I eligible for this coverage?

To be eligible for this plan you must be a citizen or resident of the United States and one of the following:

- An active permanent or probationary employee in regular (non-temporary) appointment with Hennepin County with regular standard hours of 30 hours or more per week;
- A limited duration appointment employee with Hennepin County that has an appointment that exceeds 6 months and with regular standard hours of 30 hours or more each week; or
- An active employee in a grant or in an unclassified position that is defined to include benefits and has regular standard hours of 30 hours or more each week.

Member does not include temporary and seasonal employees, full-time members of the armed forces of any country, leased employees, elected officials, independent contractors, or employees who are members of International Union of Operating Engineers (IUOE), Local # 49.

When does my insurance go into effect?

The effective date of your coverage depends on when you become an eligible *member*, when you apply and whether you are required to provide *evidence of insurability*.

If you apply and agree to pay premiums, Voluntary STD coverage for newly eligible employees begins at the start of the first pay period following 30 calendar days of eligibility provided you apply for coverage before this date. If you apply after this date, your coverage will be effective the first day of the pay period following the date you enroll. However, you may be subject to a late enrollment penalty.

Employees who enroll in the STD plan and subsequently drop the coverage, will be required to provide *evidence of insurability* to be eligible to re-enroll. Coverage will begin the first day of the pay period following the date The Standard approves your *evidence of insurability*.

In every case, you must meet the *active work* requirement before your insurance becomes effective.

What is the active work requirement?

Active work means performing with reasonable continuity, the *material duties* of your *own occupation* at your *employer's* usual place of business. You must be capable of *active work* on the day before the scheduled effective date of your insurance or your insurance will not become effective as scheduled. If you are not *actively at work* on the day before the scheduled effective date of insurance, your insurance will not become effective until the first day of the first pay period after you complete one full day of *active work* as an eligible employee.

What if I don't apply for this coverage now?

If you do not apply for coverage within 30 days of the date you become eligible, a *late enrollment penalty* applies. This means that if you file a claim for anything other than an accidental *injury* during the first 12 months after your coverage becomes effective, *STD benefits* will become payable after you have been continuously *disabled* for 60 days and remain *disabled*.

Will I have to provide information regarding my medical history?

The Standard will require information regarding your medical history, referred to as *evidence of insurability*, if you terminate your STD coverage for any reason but later apply to become insured again.

To obtain a Medical History Statement when *evidence of insurability* is required, go to the Hennepin County Benefits Unit web page. In some cases, we may request additional medical information or a physical exam.

When am I considered disabled?

During the *benefit waiting period* and to the end of the *maximum benefit period*, you are considered *disabled* if, as a result of *physical disease*, substance abuse, *injury*, *pregnancy* or *mental disorder*:

- 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 your *predisability earnings* when working in your *own occupation*.

You are not *disabled* merely because your right to perform your *own occupation* is restricted, including a restriction or loss of license. You may work in another occupation while you are *disabled* from your *own occupation*, however, you will not be considered *disabled* when your *work earnings* from another occupation exceed 80 percent of your *predisability earnings*.

When do STD benefits become payable?

If you become *disabled* and your claim for *STD benefits* is approved by The Standard, *STD benefits* become payable after completion of the *benefit waiting period*, and you have exhausted all but 80 hours of your accrued paid leave. Examples of accrued paid leave include sick leave, vacation pay, PTO, comp time, deferred holidays and banked special leave without pay hours. The *benefit waiting period* is a specified number of days during which you must remain continuously *disabled*. *STD benefits* are not payable during the *benefit waiting period*. The *benefit waiting period* depends on the plan option you choose.

<u>Cause of disability</u>	<u>Option 1 and 2 Benefit waiting period</u>	<u>Option 3 Benefit waiting period</u>
<i>Accidental injury</i>	7 calendar days	14 calendar days
<i>Physical disease, substance abuse, pregnancy or mental disorder*</i>	7 calendar days	14 calendar days

<u>Cause of disability</u>	<u>Option 4 Benefit waiting period</u>	<u>Option 5 Benefit waiting period</u>
<i>Accidental injury</i>	30 calendar days	45 calendar days
<i>Physical disease, substance abuse, pregnancy or mental disorder*</i>	30 calendar days	45 calendar days

*If the *late enrollment penalty* applies, the *benefit waiting period* for *disability* caused by *physical disease*, substance abuse, *pregnancy* or *mental disorder* is 60 calendar days during the first year you are insured under the Voluntary STD plan.

How much is the STD benefit amount?

Your maximum weekly benefit with option 1 is \$250. Your weekly *STD benefit* with option 2-5 is 60 percent of your insured *predisability earnings* reduced by *deductible income*. The plan minimum and maximum *STD benefit* amounts are indicated below.

<u>Plan minimum weekly STD benefit</u>	<u>Plan maximum weekly STD benefit</u>
\$100	\$2,000

How is the STD benefit amount calculated?

The *STD benefit* amount is determined by multiplying your insured *predisability earnings* by the specified benefit percentage. This amount is then reduced by other income you receive or are eligible to receive while *STD benefits* are payable. This other income is referred to as *deductible income*.

In the example below, the *STD benefit* amount is 60 percent of insured *predisability earnings*. If your weekly earnings (or *predisability earnings*) before becoming *disabled* were \$500 and you now receive a weekly PERA (Public Employees Retirement Association) benefit of \$50, your weekly *STD benefit* would be calculated as follows:

Insured <i>predisability earnings</i>	\$500
<i>STD benefit</i> percentage	<u>x 60%</u>
	\$300
Less PERA benefit	<u>- 50</u>
Amount of weekly <i>STD benefit</i>	\$250

What are predisability earnings?

Predisability earnings are your weekly rate of earnings from your *employer* and typically include:

- Salary
- Pre-tax contributions made on a salary reduction basis through your *employer* to an IRC Section 457(b) deferred compensation arrangement, PERA or an executive nonqualified deferred compensation arrangement.
- Amounts contributed to fringe benefits according to salary reduction agreements under an IRC Section 125 plan (Flexible Spending Account) and Section 132 plan (Transportation benefit)

Predisability earnings generally exclude bonuses, overtime pay, shift differential pay, your *employer's* contribution to a deferred compensation arrangement or pension plan or any other extra compensation. They are based on your earnings in effect on the last full day of *active work*.

What is deductible income?

Deductible income is income you receive or are eligible to receive while *STD benefits* are payable. It reduces the amount of your *STD benefit*. It includes, but is not limited to, the following:

- Amounts under any workers' compensation law, unemployment compensation law, state disability income benefit law or similar law
- Any amounts you receive under Hazardous Duty Pay as provided under County HR Rule 12.10d
- Disability or retirement benefits under PERA. However, *deductible income* does not include income received from a 457 (b) Deferred Compensation plan, the County's Supplemental Retirement Plan, or the County's vacation/PTO donation program
- Earnings from work activity while you are *disabled*, plus the earnings you could receive, if you worked as much as you are able considering your *disability*
- Earnings or compensation included in your *predisability earnings* and which you receive or are eligible to receive while *STD benefits* are payable
- Amounts due from or on behalf of a third party because of your *disability*
- Any amount you receive by compromise, judgment, settlement or other method as a result of a claim for any of the above

What is the maximum benefit period?

If you become *disabled*, *STD benefits* may continue during *disability* up to 90 calendar days. This is the maximum period for which *STD benefits* are payable for any one period of continuous *disability*. If you are eligible to receive benefits under any other disability insurance plan, your *STD benefits* will end when the other disability insurance benefits become payable, even if this occurs before the end of the *maximum benefit period* for the *STD benefits*.

When do STD benefits end?

STD benefits end automatically on the earliest of:

- The date you are no longer *disabled*
- The date your *maximum benefit period* ends
- The date you die
- The date benefits become payable under any other disability plan under which you become insured through employment during a period of *temporary recovery*
- The date long term disability (LTD) benefits become payable to you under an LTD policy sponsored by your *employer*
- The date you fail to provide proof of continued *disability* and entitlement to benefits

What exclusions apply to this coverage?

You are not covered for a *disability* caused or contributed to by any of the following:

- Your involvement in any employment for wage or profit
- Your committing or attempting to commit a felony
- An intentionally self-inflicted *injury*, while sane or insane
- *War* or any act of *war* (declared or undeclared, and any substantial armed conflict between organized forces of a military nature)
- The loss of your professional or occupational license or certification

What limitations apply to this coverage?

STD benefits are not payable for any period when you are:

- Not under the ongoing care of a *physician* in the appropriate specialty as determined by The Standard
- Not participating in good faith in a plan, program or course of medical treatment or vocational training or education approved by The Standard, unless your *disability* prevents you from participating
- Able to work and earn at least 20 percent of your *predisability earnings* in your *own occupation*, but you elect not to work
- Receiving sick leave pay, vacation pay, PTO, annual or personal leave pay or other salary continuation
- *Disabled* due to an occupational *injury* or illness

When does my Voluntary STD insurance coverage end?

The Voluntary STD insurance ends automatically on the earliest of the following:

- The date the last period ends for which you make a premium contribution
- The date your employment terminates
- The date the *group policy* terminates
- The date you cease to be a *member*, however, insurance may continue for limited periods under certain circumstances as described in the *group policy*
- If applicable, the date your *employer* ceases to participate under the *group policy*

How much sick leave/PTO time will the Voluntary STD coverage cost?

The cost per pay period for group Voluntary STD coverage is indicated in increments of an hour of sick leave/PTO in the table below.

Sick Leave/PTO Cost

<u>For employees with Standard Weekly Hours of 40:</u>	
<u>Plan Options</u>	
Plan Option 1 – Flat <i>benefit</i>	0.26
Plan Option 2 – 7 day <i>benefit waiting period</i>	0.51
Plan Option 3 – 14 day <i>benefit waiting period</i>	0.38
Plan Option 4 – 30 day <i>benefit waiting period</i>	0.24
Plan Option 5 – 45 day <i>benefit waiting period</i>	0.15

<u>For employees with Standard Weekly Hours of 30-39:</u>	
<u>Plan Options</u>	
Plan Option 1 – Flat <i>benefit</i>	0.0065
Plan Option 2 – 7 day <i>benefit waiting period</i>	0.0095
Plan Option 3 – 14 day <i>benefit waiting period</i>	0.0070
Plan Option 4 – 30 day <i>benefit waiting period</i>	0.0045
Plan Option 5 – 45 day <i>benefit waiting period</i>	0.0030

To calculate the cost for employees with 39 or less Standard Weekly Hours, use the rates above and the formula below:

1. Select your plan and enter it on Line 1.	Line 1: _____
2. Enter your standard weekly hours	Line 2: _____
3. Enter your rate from the table above	Line 3: _____
4. Multiply Line 2 by Line 3.	Line 4: _____

The amount shown on Line 4 is your estimated biweekly cost in sick leave/PTO time. This amount will be deducted from your per pay period sick leave/PTO accrual. If you have questions, please contact the Hennepin County Benefits Unit at (612) 348-3530.

Sick leave/PTO hours for the Voluntary STD coverage will be deducted from the same leave balance used for LTD and reported on your paycheck. If you do not have enough sick leave/PTO to pay for your STD premium, your balances will go negative. Once you start accruing sick leave/PTO hours, you will start paying the hours owed until your sick leave/PTO balance is positive again. If you terminate County employment and you still have a negative leave balance, the negative leave balance will be taken from your severance check. If you have questions regarding how to determine your *predisability earnings* or the cost of the coverage, please contact the Hennepin County Benefits Unit at (612) 348-3530.

How do I apply for Voluntary STD insurance coverage?

To apply for Voluntary STD insurance, newly eligible employees should complete the enrollment process through the Hennepin County Apex Employee Self Service Portal. If you are a current, benefit eligible employee, go to the Hennepin County Benefits Unit website for instructions. You can apply at any time, but remember if you apply more than 30 days after becoming eligible, the *late enrollment penalty* applies.

What if I have additional questions?

If you have any additional questions, please contact the Hennepin County Benefits Unit at (612) 348-3530.

About Standard Insurance Company

Hennepin County has chosen Standard Insurance Company, through a competitive RFP process, to provide group Voluntary STD coverage to eligible employees. The Standard has earned a solid reputation for its quality products, superior customer service, expert resources, steady growth, innovation and strong financial performance. Founded in 1906, The Standard has developed a national presence in the employee benefits industry, providing customers with group and individual disability insurance and retirement plans, and group life and dental insurance.

Just as others count on you, you can count on The Standard for Voluntary STD insurance in a time of need. Talk with the Hennepin County Benefits Unit at (612) 348-3530 for more information about group Voluntary STD insurance from The Standard.