

4 Steps For Navigating The Nuances Of SDI

Several states – and one commonwealth – require specified employers to provide statutory disability insurance (SDI) to eligible workers. The coverage provides weekly, temporary cash benefits to help replace wages lost when workers are disabled by an off-the-job illness or injury, and for disability arising from pregnancy.

Workers' Compensation covers on-the-job injuries and illnesses.

Help Mitigate Clients' Risk

Failure to apply a jurisdiction's SDI rules and regulations could result in a fine to your clients. The many differences in how jurisdictions operate their SDI programs mean your clients need your expertise. Here are four steps for growing your expertise to help clients properly address and minimize risk.

Step 1: Get To Know SDI

SDI is most often funded by mandatory employee contributions. It functions in a manner similar to short-term disability insurance, but has significant, unique claim administration and practices that vary by jurisdiction.

The six jurisdictions requiring SDI coverage are New York, New Jersey, California, Rhode Island, Hawaii and Puerto Rico. Each jurisdiction has its own program, with different rules, regulations, benefit amounts, durations and plan administration, reporting requirements, employee communications and more:

- [New York \(NY DBL\)](#)
- [New Jersey \(NJ TDB\)](#)
- [California \(CA SDI\)](#)
- [Rhode Island \(RI TDI\)](#)
- [Hawaii \(HI TDI\)](#)
- [Puerto Rico \(PR TDB\)](#)

All six jurisdictions run a government-administered SDI plan and all but Rhode Island allow employers to purchase private coverage through an approved carrier or third-party administrator.

Step 2: Know Your Clients

Ask your clients where their employees work – in general, it doesn't matter where they reside. For example, if the worker lives in Connecticut (a jurisdiction with no SDI) but is based at your client's New York (a jurisdiction with SDI) facility, your client needs to make certain that this employee has New York DBL coverage.

It's also worthwhile to periodically inquire about the location of your clients' employees, particularly if you are aware of workforce expansion plans near an SDI jurisdiction.

Step 3: Keep 5 Important Details In Mind

To best serve your clients, be aware of these five important SDI details:

1. **Benefit durations vary by jurisdiction:** Coordinate short term disability (STD) elimination periods with these durations.
2. **Other payments can be offset by SDI payments:** Identify which of your clients' employees have SDI coverage to ensure STD (and long term disability) carriers offset benefit payments accordingly.
3. Some **states allow self-funding:** Employers can consider self-funding in jurisdictions that don't require a fully insured SDI plan, but there is added administration for the employer and the strict parameters need to be reviewed closely.
4. **Some carriers offer enhanced SDI programs:** Carriers can make SDI benefits more closely match the STD plans offered to employees in non-SDI states by enhancing these types of features:
 - Higher maximums
 - Increased benefit percentages
 - Shorter elimination periods or longer durations

Note that while SDI plans can be enhanced, they can *never* be made more restrictive.

5. **SDI plans are subject to change:** Keep in mind that the legislature or administrative departments responsible for overseeing each jurisdiction's SDI benefit can change the coverages' terms and limitations at any time.

Step 4: Get To Know The Standard

The good news about SDI: you're not in this alone. Your local strategic partners at The Standard can answer questions and help you navigate the nuances of SDI.