

VLDP BENEFITS

EMPLOYER MANUAL

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**EMPLOYER
MANUAL**

SECTION 1 - ADMINISTRATION

Eligible political subdivision and school division employees in the Hybrid Retirement Plan who become disabled and cannot work have protection through the Virginia Local Disability Program (VLDP). The program includes short-term and long-term disability benefits and a long-term care program. VLDP encourages rehabilitation with the goal to return employees to gainful employment, when they are medically able.

Political subdivisions and school divisions are covered automatically under VLDP unless they previously opted out and provided a comparable plan for employees. A comparable plan includes short-term and long-term disability only. Long-term care can be offered with the comparable plan, but is not required.

AUTHORITY AND INTERPRETATION

The Virginia Retirement System (VRS) administers VLDP in conjunction with ReedGroup, a third-party administrator.

Information contained in this VLDP Employer Manual is governed by Title 51.1 of the *Code of Virginia*. This information is intended to be general. It cannot be complete in all details and cannot supersede or restrict the authority granted by the *Code of Virginia*, which may be amended from time to time.

The VRS Board of Trustees has the authority to develop, implement and administer the VLDP and develop policies governing the program.

DISABILITY TRUST FUND

Local employers pay the costs of providing short-term disability benefits. VRS determines the amount of contributions needed to provide the funds required to maintain long-term disability

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coverage, long-term care insurance and to administer the program, including case management and cost containment programs.

Contributions are deposited in an independent trust - the Hybrid Retirement Program Disability Insurance Trust Fund. The long-term disability contributions are held in the disability trust and are invested and administered solely in the interests of the participating employees and beneficiaries.

ROLES

A number of key participants ensure the program functions properly. Employees, VRS, ReedGroup, Long Term Care Group Inc., employers and workers' compensation all play an important role in the claims process.

The employer must keep records for employees covered under VLDP and must furnish information required by the VRS Board of Trustees or its designee. In addition, the employer communicates with employees and works with third-party administrators to ensure employees' needs are met.

The employee is responsible for reporting any illness or injury and following the proper procedures. In addition, an employee's family member or employer representative may also initiate a VLDP claim on behalf of the employee.

VRS is responsible for the administration of the program. ReedGroup is the third-party administrator which provides claims administration for VLDP, reviews medical information, assists the employee and employer in consultation with the employee's physician with transition back to work and conducts claims investigations. Long Term Care Group Inc. manages long-term care claims. Workers' compensation, along with VLDP, provides income replacement for workers who have experienced a work-related injury or illness.

As each topic in the VLDP chapter is discussed, the responsibilities of each participant will be outlined in detail.

CONTACT INFORMATION

Individuals can communicate with VRS in a variety of ways, including phone, fax and email. Separate addresses are set up for email, depending on whether the individual writing is an employer, an employee or a retiree.

VRS

Virginia Retirement System
1200 East Main Street
P.O. Box 2500
Richmond, VA 23218-2500

Phone: 888-VARETIR (827-3847)
Fax: 804-786-1541
TDD: 804-289-5919
Website: www.varetire.org

Employer: employer-info@varetire.org
Member: member-info@varetire.org
Retiree: retiree-info@varetire.org

REEDGROUP

ReedGroup
P.O. Box 6248
Broomfield, CO 80021

Phone: 877-928-7021
Fax: 720-456-4784
Email: vdpsupport@reedgroup.com
Website: www.reedgroup.com/vldp-claims

WORKERS' COMPENSATION

Workers' compensation providers vary by employer.

LONG TERM CARE GROUP INC.

Long Term Care Group, Inc.
P.O. Box 64011
St. Paul, MN 55164-0011

Phone: 800-761-4057

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VLDP BENEFITS AT A GLANCE

An employee may not receive more than one disability benefit under VLDP for concurrent illnesses or injuries. The following chart contains a summary of benefits. Each benefit is covered in more detail in the corresponding sections of this chapter.

Benefit:	Coverage:	Eligibility Begins:
Short-term Disability	Provides short-term disability benefits if an employee becomes disabled and cannot work, beginning after a seven-calendar-day elimination period	First day of employment for work-related disabilities; after one year of continuous service with the same employer for non-work-related disabilities
Long-Term Disability	Provides long-term disability benefits if an employee becomes disabled and cannot work after the expiration of the maximum period of short-term disability	First day of employment for work-related disabilities; after one year of continuous service with the same employer for non-work-related disabilities
Long-Term Care Plan	Pays a daily reimbursement for medical, personal and social services provided in a nursing care facility, assisted living, home health or respite care	First day of employment

ELIGIBILITY

A school division or political subdivision employee who was hired on or after January 1, 2014, and who participates in the Hybrid Retirement Plan is an eligible employee for VLDP, provided the employer does not offer a comparable disability plan. A school division or political subdivision employee who opts into the Hybrid Retirement Plan during the established election period is also eligible for VLDP, effective July 1, 2014. State employees in the Hybrid Retirement Plan are eligible for the Virginia Sickness and Disability Program (VSDP). For information about VSDP, refer to the VSDP Chapter in the Employer Manual.

The maximum duration of short-term and long-term disability depends on when the employee first became approved for benefits. The following chart shows the maximum length of benefits for an employee who remains medically eligible.

Age:	Maximum Length of the VLDP Benefit
Less than 60	Normal service retirement age

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60-64	Five years from the date the disability benefit
65-68	Until age 70
69 or older	One year from the date the disability benefit began

After the employee reaches his maximum eligibility for a VLDP benefit, he must meet age and service requirements in order to retire and continue to receive a monthly benefit.

DUAL EMPLOYMENT

A member who is employed in more than one position which provides coverage under the program must elect, by written notice to VRS, one position under which the retirement coverage and all other benefits will be based.

TAXES

The benefits paid under a non-work-related short-term or long-term disability are fully taxable. The benefits paid under a work-related disability are not taxable because the benefits are deemed to be in the form of a workers' compensation benefit.

While the employee receives disability benefits, other eligible leave used to supplement income replacement is fully taxable.

VLDP may require copies of year-end tax statements and/or state and federal tax filings annually to certify income from gainful employment as part of the administration of statutory offsets under the program.

LEVY, GARNISHMENT AND ATTACHMENT

The benefits payable under VLDP are exempt from levy, garnishment, attachment, and other legal processes.

SOCIAL SECURITY DISABILITY INSURANCE (SSDI) BENEFITS

In addition to VLDP benefits, an employee may also be eligible for Social Security Disability Insurance benefits (SSDI). If ReedGroup deems the employee eligible for SSDI benefits, he is required to apply. An employee over the age of 30 is eligible for SSDI benefits if he:

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- Has a terminal condition; or
- Is unable to perform any kind of work for which he is reasonably qualified at least a year before applying for SSDI benefits.

The employee must have been employed in five of the previous 10 years before being considered for SSDI benefits.

Note: For the special rules for individuals younger than age 30, contact the Social Security Administration (SSA).

FILING A SSDI CLAIM

ReedGroup provides Social Security filing assistance through Allsup at no cost to the employee. If the employee is on long-term disability and chooses representation by a party other than Allsup, the VLDP benefit will be reduced during the Social Security application process by an estimated Social Security benefit amount. The employee may avoid this reduction by using Allsup's services when he files with Social Security. Expenses incurred by private representation are the responsibility of the employee and will not be reimbursed.

Qualification for SSDI benefits does not automatically qualify the employee for VLDP disability benefits. If the employee files a claim for VLDP benefits and ReedGroup determines the employee may also be eligible for SSDI benefits, he must apply with the SSA. If the employee uses Allsup, they will assist with the application and any necessary appeals at no cost to the employee. However, if the employee files a Social Security claim independently, Allsup or ReedGroup will not assist with any Social Security appeals.

If the employee chooses not to use Allsup, he should have the following information ready when filing a Social Security claim:

- Social Security number;
- A certified copy of his birth certificate;
- W-2 forms for the past two years;
- Names, address and phone numbers of the licensed treating healthcare professionals, as well as any clinics or hospitals where the employee has been treated.

SSDI BENEFITS AWARD

It typically takes three to five months for the SSA to process an application and notify the employee of the authorization of SSDI benefits.

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If the employee is approved for VLDP disability benefits, he will receive VLDP benefits while waiting for notification from Social Security, provided the employee used Allsup. When the employee begins to receive the SSDI benefits, the VLDP benefit will be offset by the Social Security amount.

Note: If the SSDI benefits award is retroactive over a period the employee received VLDP benefits, the employee is required to reimburse the employer and/or ReedGroup for the overpayments.

SSDI BENEFITS DENIAL

If the SSDI benefits claim is denied and the employee used Allsup to file, they can assist the employee in filing an appeal at no cost. If the SSDI benefits claim is denied and the employee is still eligible for disability benefits under VLDP, the VLDP benefits will continue so long as the claim is in appeal. However, if the employee does not file an appeal, the VLDP benefit could be reduced or stopped.

ADJUSTMENTS TO BENEFITS

VLDP benefits are adjusted for any outside income earned while on short-term or long-term disability. If the employee receives income other than the VLDP benefit, he must complete an Outside Earned Income Reporting Form. For short-term disability, the form is included in the VLDP introductory packet and the employee returns it to his employer. For long-term disability, the employee is sent the form again, which is returned to ReedGroup. The employee must repay any overpayments of disability benefits received under VLDP.

The employee must report to his employer and/or ReedGroup all payments received from the following sources:¹

- Any disability payments the employee or employee's family receives for the same condition from the SSA;
- Any disability benefits paid under any other governmental disability program, for the same condition, including local government disability benefits and federal civil service benefits;
- Wages or salary reported on W-2 forms and income from self-employment;
- Benefits received from any other employer-sponsored group insurance contract for the purpose of providing income replacement for the same condition, not including any disability insurance purchased directly;

¹ See [Code of Virginia § 51.1-1159](#).

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- Benefits paid under any compulsory benefits law, such as workers' compensation or unemployment compensation.

Disability benefit payments are not offset by military disability benefits.

Note: Cost-of-living increases from any of the sources listed above are not included in the adjustment of the VLDP benefit.

ADMINISTRATION OF THE PROGRAM

Certain VLDP benefits may be limited:

- Six weeks of post-partum benefits are provided in the case of uncomplicated normal or C-section deliveries;
- ReedGroup may base the decision to pay or not pay the disability benefit solely on objective medical evidence, notwithstanding a licensed treating healthcare professional's request;
- Short-term and long-term disability benefits are not payable if the employee ceases to be a member of the VRS due to withdrawal of member contributions, retirement or termination of employment;
- The employee's return to the pre-disability position or any other VRS-covered position is not guaranteed after the transition into long-term disability;
- If the employee's payments under the Workers' Compensation Act are adjusted or terminated for refusal to work or to comply with the requirements of Section 65.2-603 of the *Code of Virginia*, the VLDP disability benefits will be calculated as if the employee were receiving the payments. The employee must meet the VLDP eligibility requirements.

EXCLUSIONS

The following exclusions apply:

- Short-term and long-term disability benefits are not payable if the disability results from committing a felony or during a period while the employee was incarcerated. It is the employee's responsibility to notify ReedGroup within five calendar days of an incarceration to avoid an overpayment that must be repaid;
- Long-term disability benefits are not payable if the disability results from the abuse of alcohol, the misuse of any prescribed medication or the misuse of any controlled substance, unless the employee is actively receiving treatment. ReedGroup must agree the employee is fully complying with the treatment plan and making substantial progress toward rehabilitation.

CONFIDENTIALITY

Medical records and other information relating to the employee's disability claim are maintained and stored by ReedGroup, in compliance with state and federal privacy laws and regulations.

To maintain confidentiality, the employer receives only the following information:

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- Date the disability is initiated;
- Whether the claim is for short-term, long-term disability or a catastrophic or major chronic condition;
- Authorized start and end dates of the disability;
- Information regarding workplace accommodations needed to facilitate a return to work.
- Estimated return-to-work date;
- Type of claim, such as work-related or non-work-related;
- Number of hours a day the employee is able to work;
- Dates to begin paying the employee at 100%, 80% and 60% income;
- Case closure dates.

REVIEW AND APPEAL PROCESS

ReedGroup evaluates claims and monitors continued eligibility for disability benefits. The evaluation includes a thorough review of all available clinical, medical, vocational and employer information. ReedGroup may also contact the employee's licensed treating healthcare professional to discuss the disability claim.

The employee is notified in writing of any ReedGroup claim decision. If the claim is denied or terminated, the employee is given the reasons and the steps to appeal the decision. The employee must notify ReedGroup of the decision to appeal within 180 calendar days from the date of the decision letter.

APPEAL PROCESS

The appeal process is as follows:

1. The employee receives a decision letter from ReedGroup explaining the benefits have been denied or terminated;
2. The employee submits a written appeal letter to ReedGroup within 180 days from the date of the denial, including any additional medical information related to the denial or other reason for disputing the disability claim decision. The employee should include any additional information supporting the disability, including payroll or occupational information;
3. Within two business days, the employee is sent an acknowledgement letter from ReedGroup with the name and phone number of the appeals specialist handling the appeal;
4. Once additional medical information has been submitted, ReedGroup has an initial review period of 45 days. If there are circumstances beyond the control of ReedGroup, the appeals specialist notifies the employee that it may take up to 45 additional days to reach a determination. The employee may be asked to provide additional information for review, though the time required to provide this information is not included in the 45-day limit;

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5. The appeals specialist sends the employee an appeal decision letter. If the benefits are still denied or terminated after this appeal, the employee may file a second level appeal within 60 days from the date of the first appeal decision letter;
6. Within two business days, the employee is sent an acknowledgment letter conveying that ReedGroup received the re-appeal. The claim goes through a second appeal process;
7. The appeals specialist sends the employee a re-appeal decision letter. If the benefits are still denied or terminated after this re-appeal, the employee may ask a Circuit Court judge to review ReedGroup's re-appeal decision. The employee files a notice of appeal with VRS, along with a copy to ReedGroup within 30 days after the date of the re-appeal decision letter denying or terminating benefits. The letter informs the employee that Supreme Court of Virginia rules govern all Circuit Court appeals, and that the employee may wish to consult an attorney.

Note: At any time during the appeal process, the appeals specialist may reverse the denial or termination of benefits. The employee then receives a written letter stating the approval and any applicable past due benefits.

SECTION 2 – SHORT-TERM DISABILITY

A short-term disability is an illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a major chronic or catastrophic condition, which prevents the employee from performing the full duties of his job. The Virginia Local Disability Program (VLDP) provides coverage for non-work-related and work-related disabilities.

The maximum short-term disability period is 125 workdays. The 125-workday period is based on a Monday-through-Friday work week. If the employee is still disabled after 125 workdays, he may be placed on long-term disability.

An employee receiving short-term disability is considered an active employee. The employer continues to report to VRS the full pre-disability earnings for an employee on short-term disability.

ELIGIBILITY FOR SHORT-TERM DISABILITY

An employee is eligible for non-work-related short-term disability benefits after one year of continuous service with the same employer.

For Hybrid Plan members, the number of months of continuous Hybrid Plan membership determines the amount of income replacement an employee may receive. Continuous service with the same employer includes full-time salaried service and absences for military leave or periods of reduced hours or job restrictions while on disability.

An employee who moves from one school division or political subdivision employer to another must satisfy a new one-year waiting period for non-work-related disability, as well as the five-year waiting period for higher income replacement. This also applies if the employee leaves then returns to a former position after a bona fide break in service. A bona fide break in service is a break of at least one full calendar month from the last day of employment over a period the employee normally would work.

ELIMINATION PERIOD FOR SHORT-TERM DISABILITY

VLDP short-term disability benefits typically provide income protection after seven consecutive calendar days of absence if an employee cannot work due to illness or injury. The seven-day elimination period begins on the date the employee is determined to be medically disabled.

Example: An employee, whose work week is Monday through Friday, falls ill on Monday, May 4 and does not report to work that day. He is out the rest of the week. If he does not return to work the following Monday, May 11 and is determined to be medically disabled as of May 4, he begins to receive income replacement effective Monday, May 11.

If an employee works 20 hours or less during the seven-day elimination period, the elimination period is still satisfied.

Example: An employee, whose work week is Monday through Friday, falls ill on Monday, May 4 and does not report to work that day. He works eight hours on Tuesday and eight hours on Wednesday for a total of 16 hours. He is then absent Thursday and Friday. If he does not return to work the following Monday, May 11 and is determined to be medically disabled as of May 4, he begins to receive income replacement, effective Monday, May 11. He did not work more than 20 hours during the elimination period.

If an employee works more than 20 hours during the elimination period, a new seven-day elimination period must be met before short-term disability benefits begin.

SHORT-TERM DISABILITY FOR MAJOR CHRONIC CONDITIONS

The seven-day elimination period for short-term benefits may be waived if the employee's condition is determined by ReedGroup to be major chronic. See the Short-Term Disability Conditions section of this chapter for an explanation of these conditions.

WORKERS' COMPENSATION AND SHORT-TERM DISABILITY

An employee may be eligible for workers' compensation benefits if the disability is the result of a work-related injury or illness. Work-related short-term disability benefits are coordinated through VLDP and the workers' compensation provider.

Workers' compensation is the primary benefit. VLDP benefits are secondary and are offset by payments received under workers' compensation.

VLDP BENEFITS

If the workers' compensation claim is denied, the employer may be responsible for recouping all payments to the employee for short-term disability while the workers' compensation decision was pending, unless the claim is approved by ReedGroup.

A VLDP-participating employee receiving workers' compensation benefits cannot retire until all workers' compensation benefits have been paid and offset.

See the Short-Term Disability Adjustments for Workers' Compensation section of this chapter to determine how the VLDP payment is offset.

INITIATING A SHORT-TERM DISABILITY CLAIM

An employee must notify his human resource office and file a claim with ReedGroup within 14 days of the first day of the disability. For illnesses or injuries that are known in advance, such as a scheduled surgery or childbirth, the employee should notify the human resource office and ReedGroup as soon as possible to avoid a delay in processing. An employee cannot receive benefits more than 14 days before the date the disability is reported to ReedGroup.

If the employee incurs a work-related short-term disability during the first year of employment, he must file a claim for benefits under the Workers' Compensation Act. Once the work-related disability has been approved by workers' compensation, the employee must file a claim with ReedGroup.

To initiate the claim process, the employee must call ReedGroup. The employer may provide the employee with the VLDP Employee Handbook, available through the VRS website.

RETROACTIVE SHORT-TERM DISABILITY CLAIM PROCEDURE

VLDP will adjust benefits retroactively for up to 14 calendar days from the time a short-term disability claim is initiated. It is the employee's responsibility to file the claim in a timely manner.

Example: An employee becomes disabled on August 3 but uses 20 days of annual leave to cover one month's absence. He doesn't report his disability until August 31. Since the date of disability is August 3, his elimination period would be August 3-9 if he reported the benefit on time, and benefits would have begun August 10. Because he waited to report the disability, benefits will begin on August 17.

SHORT-TERM DISABILITY INTRODUCTION PACKET

When a short-term disability claim is initiated, ReedGroup sends the employee the following forms:

- Attending Physician Statement (physician completes and submits to ReedGroup);
- Authorization for Release of Medical Information (employee completes and submits to ReedGroup);
- Short-Term Disability Repayment Form (employee completes and submits to employer);
- Short-Term Disability Outside Earned Income Reporting Form (employee completes and submits to employer).

SHORT-TERM DISABILITY INCOME REPLACEMENT

Income replacement is different for non-work-related disabilities and work-related disabilities. If the employer's leave policy allows it, an employee may use leave to supplement his short-term disability benefit during both non-work-related and work-related disabilities.

PRIVATE INSURANCE FOR SHORT-TERM DISABILITIES

To bridge the one-year gap in VLDP coverage for non-work-related disabilities, an employee may purchase short-term disability insurance from an outside vendor. This coverage can be paid through payroll deduction.

INCOME REPLACEMENT FOR NON-WORK-RELATED SHORT-TERM DISABILITIES

After the one-year waiting period for non-work-related short-term disabilities has been met, income replacement normally begins on the eighth calendar day of absence, after authorization by ReedGroup. However, the seven-day elimination period may be waived for catastrophic and major chronic conditions. Use the following chart to determine income replacement levels:

Months of Continuous Service	Workdays of Income Replacement at 100%	Workdays of Income Replacement at 80%	Workdays of Income Replacement at 60%
Less than 12	0	0	0
13 – 59	0	0	125
60 – 119	25	25	75
120 – 179	25	50	50
180 or more	25	75	25

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An employee who completes five years of continuous service in the program with the same employer (including the one-year waiting period) is eligible for income replacement at higher levels.

An employee who moves to another employer that provides VLDP or to a state position covered under the Virginia Sickness and Disability Program (VSDP) must satisfy another one-year waiting period and a five-year waiting period for higher income replacement levels.

INCOME REPLACEMENT FOR WORK-RELATED SHORT-TERM DISABILITIES

Income replacement normally begins on the eighth calendar day of absence, after authorization by ReedGroup. However, the seven-day elimination period may be waived for major chronic conditions. For an employee with a work-related short-term disability, use the following chart to determine the income replacement levels:

Months of Continuous Service	Workdays of Income Replacement at 100%	Workdays of Income Replacement at 80%	Workdays of Income Replacement at 60%
Less than 60	0	0	125
60 – 119	85	25	15
120 or more	85	40	0

An employee on a work-related short-term disability claim who only receives a workers' compensation benefit does not accrue VRS service after the member contribution ends. He is eligible to purchase this period.

CALCULATING INCOME REPLACEMENT FOR SHORT-TERM DISABILITIES

If the employee's workers' compensation claim is approved, it becomes the primary benefit. The employee then receives 66⅔% of his average weekly wage at the time of the short-term disability, within limits established by the Workers' Compensation Act. VLDP supplements this benefit up to the applicable income replacement level. The VLDP benefit is offset (reduced) by the workers' compensation benefit.

TAXES ON SHORT-TERM DISABILITY BENEFITS

The benefits paid under non-work-related short-term disability are fully taxable. Benefits for work-related short-term disability are not taxable; however, pay for the following is taxable:

- Annual leave;
- Other eligible leave used to supplement income replacement at 100%.

CONTRIBUTIONS DURING SHORT-TERM DISABILITY

The employee retains VRS membership while on short-term disability. The employee continues to accrue service credit and remains eligible for retirement after reaching age and service requirements. Time spent on short-term disability counts toward the five years needed to become vested for a retirement benefit.

While the employee is on short-term disability and the employer is paying the employee, the employer continues to report the employee's creditable compensation and to deduct the member contribution. The reported creditable compensation should be the full amount of the employee's pre-disability earnings.

During periods of non-work-related short-term disability, the employee continues to contribute 4% to the defined benefit component and 1% to the defined contribution component of the Hybrid Retirement Plan. The employee can make changes to his voluntary contributions each quarter. The employer must contribute 1% to the defined contribution component of the Hybrid Retirement Plan and to make required defined benefit contributions.

For an employee on work-related disability, contributions depend on how the employer reports. If the employee receives only the workers' compensation benefit, the employer does not deduct the VRS member contribution so the employee does not accrue service credit during short-term disability. However, the employee is eligible to purchase this period as service credit. Contact VRS to determine the process.

SHORT-TERM DISABILITY CONDITIONS

If the employee's short-term disability condition meets the requirements for a major chronic condition outlined below, the seven-day elimination period is waived.

SHORT-TERM DISABILITY FOR A MAJOR CHRONIC CONDITION

A short-term disability is determined to be major chronic if it is a life-threatening health condition that exists over a prolonged period of time and is not expected to resolve in the foreseeable future. The employee must:

- Be determined to be disabled by a licensed treating healthcare professional;
- Have an approved short-term disability claim with the same condition within the last six months;
- Be under the ongoing care of a licensed treating healthcare professional.

The determination of a life threatening health condition is made at the discretion of the VLDP plan administrator. All cases are reviewed and updated with additional medical information on an individual basis.

SHORT-TERM DISABILITY FOR A CATASTROPHIC CONDITION

If it is determined that the short-term disability is catastrophic, the 60% income replacement level may be increased to 80% for the duration of the disability. ReedGroup consults with the employee's licensed treating healthcare professional to determine if the employee's condition is catastrophic and when the 80% disability payments begin.

A short-term disability is determined to be catastrophic if an employee requires substantial supervision to protect him from threats to health and safety as a result of severe cognitive impairment, or if he is unable to perform at least two of the six activities of daily living. These activities are:

- Bathing;
- Dressing;
- Eating (ability to feed oneself);
- Controlling the bladder or bowel;
- Toileting (ability to get on and off the toilet and a reasonable level of personal hygiene);
- Transferring (getting in or out of bed or chairs).

If the employee's condition improves so he no longer meets the criteria for catastrophic disability, but is still on long-term disability, the income replacement returns to 60% of the pre-disability income.

PARTIAL DISABILITY

Partial disability exists during the first 24 months following the onset of a short-term injury or illness when an employee is earning less than 80% of his pre-disability income and, as a result of the illness or injury, the employee is:

- Able to perform one or more, but not all of the essential functions of his own job in an active employment status or on a part-time basis;
- Able to perform all the essential job functions of his own job on a part-time basis only.

TOTAL DISABILITY

A total disability exists during the first 24 months following the onset of a short-term injury or illness when an employee is unable to perform all of the essential functions of his own job, or after the initial 24 months following the onset of an injury or illness when an employee is unable to perform any job for which he is reasonably qualified and he is earning less than 80% of his pre-disability earnings.

SUCCESSIVE PERIODS OF SHORT-TERM DISABILITY DUE TO THE SAME CONDITION

If the licensed treating healthcare professional releases the employee to return to work full-time, full-duty and he becomes disabled again due to the same or similar condition within 45 consecutive calendar days, the employee will be on the same short-term disability claim. Income replacement resumes at the level the employee was receiving during the previous disability period.

Note: If during the 45-day recurrent period an employee misses at least a full day of work and seeks medical treatment on that day for the reason he was on claim, then he must satisfy a new 45-day recurrent period.

WHEN THE CONDITION BECOMES A NEW SHORT-TERM DISABILITY

A new period of short-term disability begins when the employee:

- Returns to work full-time/full-duty for 45 or more consecutive calendar days;
- Experiences a new disability or illness during the 45-calendar-day period, unrelated to the first condition.

The employee must satisfy a new seven-day elimination period, unless the condition is found to be a major chronic condition.

ADJUSTMENTS TO SHORT-TERM DISABILITY BENEFITS

An employee is responsible for reporting any additional income to his employer. If an employee receives or is eligible to receive income and/or benefits from certain sources, the VLDP short-term benefits are offset. When combined with the income from these other sources, the employee cannot receive more than 100% of his pre-disability income.

Short-term disability benefit payments are reduced by the amount of income from the following sources:

- Disability payments from the SSA or other similar government program benefits that the employee or his family are entitled to as a result of the qualifying disability;
- Benefits paid under any other governmental disability program, including local government disability benefits or federal civil service benefits that are paid for the same disabling condition;
- Benefits received from any other employer-sponsored group insurance contract for the purpose of providing income replacement for the same disabling condition (this does not include any disability insurance purchased directly by the employee);
- Benefits paid under any compulsory benefits law, such as workers' compensation, severance or unemployment compensation.

Note: Cost-of-living increases received in payments from sources listed above are not considered in the offset of the VLDP benefit.

SHORT-TERM DISABILITY ADJUSTMENTS FOR EARNED INCOME

Short-term disability payments are adjusted for wages and salary reported on W-2 forms and income from self-employment. To calculate the adjusted short-term disability income benefit, reduce the pre-disability income amount by the outside income and apply the appropriate percentage of income replacement. To determine the total monthly income, add the outside income to the adjusted short-term disability benefit.

Example: An employee's pre-disability income is \$3,000 per month from the employer with an additional \$1,000 from outside income. During short-term disability, the outside income offsets the pre-disability income and the employee receives the appropriate percentage of the remaining balance:

- 100% income replacement – $(\$3,000 - \$1,000) \times 100\% = \$2,000$;
- 80% income replacement – $(\$3,000 - \$1,000) \times 80\% = \$1,600$;
- 60% income replacement – $(\$3,000 - \$1,000) \times 60\% = \$1,200$.

SHORT-TERM DISABILITY OVERPAYMENTS

An employee who is overpaid in short-term benefits is required to repay his employer. The employer may also choose to collect interest on the overpayment amount.

The employee may also be responsible for repayment of payments due to:

- Falsification of statements;
- Falsification of any record knowingly made by or on behalf of the employee;
- The employee's failure to make any report of change in disability status.

SHORT-TERM DISABILITY ADJUSTMENTS FOR WORKERS' COMPENSATION

If the short-term disability is work-related and the employee is receiving a workers' compensation benefit, the workers' compensation benefit is paid first. If the workers' compensation benefit is greater than the short-term disability benefit, no VLDP benefit is payable.

Lump-sum settlements under workers' compensation are prorated over the period during which the employee receives the VLDP short-term disability benefit. Payments made under the Workers' Compensation Act for permanent partial disabilities and medical, legal or rehabilitation expenses are not included in determining the prorated amount.

Example: An employee receives \$600 a week under workers' compensation. He accepts a lump sum settlement amount of \$12,000, which includes a payment of \$6,000 to cover both medical and legal expenses. Subtracting the medical and legal expenses from the \$12,000 yields a net lump sum payment of \$6,000. This net lump sum of \$6,000 is divided by the \$600 per week payment he would have received if he had not accepted the settlement ($\$6,000 \div \$600 = 10$ weeks).

The VLDP supplemental benefit would apply as though the weekly workers' compensation benefit was being paid for a period of 10 weeks. After the 10 weeks, the full VLDP benefit would be paid at the appropriate income replacement level.

9-, 10- AND 11-MONTH EMPLOYEES ON SHORT-TERM DISABILITY

An employee is only eligible for short-term disability benefits during his contract months, even if he is being paid during the off months. If the employee becomes disabled during the contract period, he receives benefits, but benefits end when the contract ends. If the employee's contract is renewed, the benefits start again.

VLDP BENEFITS

An employee who works on a 9, 10 or 11-month contracts and who is paid over 24 pay periods is paid a base rate and retained earnings. If the employee becomes disabled, the income replacement percentage is applied to both the base rate and the retained earnings.

SHORT-TERM DISABILITY WHILE IN A NON-CONTRACTUAL PERIOD

An employee may become injured or ill during a non-contractual period. Because the employee has fulfilled the contract and employment responsibilities for the year (e.g., faculty member in the summer), he is not required to report the injury or illness at the time of its occurrence.

If the employee reports the short-term disability claim to ReedGroup during the non-contract period (e.g., faculty member in the summer), he won't receive short-term benefits during that time. However, if the disability prevents the employee from returning to work at the beginning of a new contract year, he may be eligible for benefits under VLDP.

If the employee does not report the claim to VLDP until the beginning of the new contract period, the employee is eligible to begin receiving short-term disability at the appropriate income replacement level (based on hire date), if approved under VLDP. The employee must satisfy the seven-day elimination period following the date of the disability.

SHORT-TERM DISABILITY FOR EMPLOYEES PAID DURING NON-CONTRACTUAL PERIODS

A contract employees who elects to receive paychecks year-round versus only during the contract time frame does not receive short-term disability pay, even if the disability occurred prior to the end of the contract. Short-term disability payments stop at the end of the contract and will resume at the beginning of the new contract period if the employee remains disabled.

Example: An employee's contract ends May 15 and a new contract period will begin on August 15. The employee becomes disabled on April 15 and is approved for a short-term disability claim through June 10. The employee would only receive benefits through the contract end date of May 15. If the employee is not able to return to work due to his disability on August 15 (the beginning of the new contract), the short-term disability benefits will resume as long as the employee is still medically supported.

SHORT-TERM DISABILITY AND NON-RENEWAL OF CONTRACT

If an employee is receiving short-term disability benefits and his contract is not renewed, the short-term disability benefits end when the contract ends.

Example: An employee's contract ends May 15 with no contract renewal. He becomes injured March 1. Short-term disability benefits end May 15 and the employee is terminated as of that date.

MISCELLANEOUS SHORT-TERM DISABILITY ISSUES

SHORT-TERM DISABILITY ADJUSTMENTS FOR SEVERANCE

VLDP short-term disability benefits are offset by severance payments. An employee who is still disabled at the end of severance continues to receive VLDP benefits, as long as the illness or disability continues to be clinically and administratively approved. Workers' compensation benefits are not offset by severance benefits; however, the VLDP portion received by the employee is offset by severance.

HOLIDAY PAY WHILE ON SHORT-TERM DISABILITY

An employee on short-term disability receives 100%, 80% or 60% (depending on the employee's benefit income level as of the holiday) for the hours he does not work on the holiday, provided the disability absence is authorized.

Note: During the seven-day elimination period, count any holidays toward the required seven calendar days. Once the employee begins to receive short-term disability benefits, the employer will pay the employee for the holiday based on the level of short-term disability benefit (100%, 80% or 60%).

END OF SHORT-TERM DISABILITY BENEFITS

Short-term disability benefits end when the employee does one of the following:

- Returns to work on a full-time, full-duty basis;
- Takes a refund of the VRS contributions and interest from the defined benefit component of the Hybrid Retirement Plan;²
- Is no longer medically eligible;
- Resigns from employment;
- Is terminated from employment for cause;

² See the Refunds Chapter of the Employer Manual.

VLDP BENEFITS

- Receives long-term disability benefits;
- Does not cooperate or comply with the requirements of VLDP;
- Begins to receive a VRS service retirement benefit;
- Dies.

Note: An employee is not allowed to take service retirement while receiving workers' compensation benefits.

If the employee does not comply with VLDP requirements (such as return-to-work arrangements or vocational rehabilitation) during short-term disability periods, his benefits may stop and he may be terminated from the program and/or from employment.

If the employee dies during short-term disability, his survivor may be eligible for death-in-service benefits. The survivor should contact the employer's human resource office for more information about death-in-service survivor benefits.

RETURNING TO WORK AFTER A SHORT-TERM DISABILITY

Each employer must establish specific policies and procedures and must create opportunities for employees to return to work after short-term disabilities. The goal is an employee's safe return to gainful employment, though the return to the same position is not guaranteed.

This section applies to an employee who has met the one-year waiting period requirement and who has gone out on short-term disability.

RETURN-TO-WORK PROGRAMS FOR SHORT-TERM DISABILITIES

If an employer offers a return-to-work program for employees returning after short-term disability absences, ReedGroup, the employer's human resource office and the employee's licensed treating healthcare professional work together to develop a transitional plan or a medical or vocational rehabilitation plan for the employee. The transitional plan helps the employee to gradually return to full duty. If the employee cannot return to full-time, full-duty work, the human resource office provides a job description to ReedGroup.

The job description is reviewed and an evaluation is prepared to determine physical activities the employee can safely perform. The evaluation covers how long the employee can sit, stand and walk and how many pounds he can safely lift or carry. The human resource office determines whether the employer is able to accept the temporary job modifications.

VLDP BENEFITS

Each employer should have specific policies and procedures that include the maximum length of time temporary accommodations may be offered to an employee.

An employee may continue to receive VLDP short-term disability benefits while working under a return-to-work program. The VLDP benefit is adjusted by any income earned while in the program.

An employee may also return to work immediately if he presents a doctor's note to the employer releasing the employee to return to work full-time and full-duty prior to the authorized end date. The employer must fax the note to and then call ReedGroup to verify the note is from the licensed treating healthcare professional who certified the disability.

If the doctor's note indicates restrictions, the employer must review the request and determine if they can accommodate these restrictions. If ReedGroup confirms the doctor's note is from the licensed treating healthcare professional who certified the disability, the employee may return to work immediately.

ADDITIONAL SHORT-TERM DISABILITY SERVICES FROM REEDGROUP

VLDP provides medical and vocational case management during periods of short-term disability. The employee may be required to participate in such a plan while receiving short-term disability benefits. The plan may be a medical plan prescribed by a licensed treating healthcare professional or a vocational rehabilitation plan or a return-to-work plan coordinated on the employee's behalf by ReedGroup, the employer or a rehabilitation services provider. The plan must be consistent with the licensed healthcare treating professional's recommendations regarding the employee's ability to return to work.

The first priority is to return the employee to the same job. If that is not possible, ReedGroup works with the employee, the employer's human resource office and the licensed treating healthcare professionals to attempt to return him to another position. Placement options may include working in a new position.

The vocational rehabilitation counselor takes the following into account in working with the employee on a formal vocational rehabilitation plan:

- Physical/mental capabilities;

VLDP BENEFITS

- Educational background;
- Work history;
- Transferable skills;
- Pre-disability wages and salary;
- Interests;
- Aptitudes.

The purpose of return-to-work and vocational rehabilitation plans is to return the employee to work safely. If the employee does not comply with the plan, short-term disability benefits may stop and he may be terminated from the program and/or from employment.

If work is arranged through a vocational, rehabilitation or return-to-work plan, or if an employee returns to work with job modifications or reduced hours, the days worked are not counted in determining the duration of the return-to-work period. For more information, see the Successive Periods of Short-Term Disability Due to the Same Condition section of this chapter.

RESPONSIBILITIES DURING SHORT-TERM DISABILITY

Each of the following key parties works to make the short-term disability process as easy as possible and to return the employee to work as soon as he is medically able.

EMPLOYEE ON SHORT-TERM DISABILITY

Throughout the period of short-term disability, an employee must comply with any medical or vocational rehabilitation requirements that ReedGroup has established, report to his human resource office any outside income received, and communicate with his supervisor. The employee:

- Initiates the short-term disability claim by contacting ReedGroup and his human resource representative;
- Returns the Attending Provider Statement and Medical Authorization form to ReedGroup;
- Complies with any return-to-work initiatives prepared by his employer;
- Stays in regular contact with his supervisor;
- Complies with any vocational and physical rehabilitation requirements;
- Contacts his employer and ReedGroup;
- Works with his licensed treating healthcare professional to ensure the timely delivery of medical information to ReedGroup;
- Reports all outside earned income while on disability by returning the Repayment Agreement and Outside Earned Income Reporting Form to his employer.

EMPLOYER OF A SHORT-TERM DISABILITY RECIPIENT

The employer is responsible for helping the employee throughout the entire short-term disability period. The employer:

- Advises the employee of the impact of FMLA on the period of disability;
- Pays the employee while he is on short-term disability;
- Communicates with the employee throughout the period of disability;
- Discusses with employee which leave type to use to cover the seven-day elimination period and periods of short-term disability when income goes below 100%, if offered by the employer;
- Works with ReedGroup to develop return-to-work plans for short-term disability participants;
- Assists the employee in returning to work when it is medically advisable to do so.

LICENSED TREATING HEALTHCARE PROFESSIONAL OF A SHORT-TERM DISABILITY RECIPIENT

The employee's licensed treating healthcare professional plays an important role in helping the employee return to work after a short-term disability. The licensed treating healthcare professional:

- Receives the employee's signed medical release form;
- Provides the employee's medical information to ReedGroup;
- Participates in planning for the employee's rehabilitation throughout the period of disability;
- Coordinates the employee's return-to-work efforts with ReedGroup and the employer.

REEDGROUP FOR SHORT-TERM DISABILITY BENEFITS

ReedGroup, the third party administrator for VLDP, serves as the coordinator of the short-term disability process. ReedGroup:

- Opens the claim and advises the employee of the next steps;
- Mails an information packet to the employee upon notification of a new claim;
- Receives the employee's medical information from the employee's licensed treating healthcare professional;
- Reviews the claim and approves or denies it;
- Advises both the employer and the employee of the claim status;
- Advises the employer of any of the employee's additional reported income that will offset his benefit payments;
- Coordinates the return-to-work program with the employer and licensed treating healthcare professional;
- Manages any issues of non-compliance.

SECTION 3 – LONG-TERM DISABILITY

Long-term disability benefits provide income replacement for an employee who becomes disabled and who is unable to work for an extended period of time. Long-term disability is a non-work-related or work-related condition that prevents the employee from performing the full duties of the job for an extended period of time.

A work-related disability is the result of an occupational illness or injury that occurs on the job and the cause is determined to be work-related under the Virginia Workers' Compensation Act. Long-term disability benefits begin at the expiration of the maximum period of short-term disability of 125 workdays.

While on long-term disability, the employee continues to accrue service as a VRS-covered member.

Long-term disability is in effect when the employee:

- Is not working at all;
- Is working and earning less than 80% of the pre-disability income.

LONG-TERM DISABILITY INTRODUCTION PACKET

ReedGroup sends a long-term disability introduction packet to the employee when it appears likely the disability will continue. The packet includes a letter encouraging the employee to use Allsup, the free Social Security assistance provider. The packet also includes forms that ReedGroup uses to transition the employee into long-term disability status and should be returned to ReedGroup. The documents include:

- Long-Term Disability Repayment Agreement;
- Authorization for Release of Medical Information;
- VLDP Outside Earned Income Reporting;
- W-4;
- Request for Health Insurance Credit;
- Other documents that may be requested by ReedGroup.

LONG-TERM DISABILITY INCOME REPLACEMENT

During long-term disability, ReedGroup provides income replacement of 60% of the pre-disability income, including any salary increases received while on short-term disability.

VLDP BENEFITS

Example: An employee's pre-disability income was \$5,500 per month. His long-term disability benefit would be \$5,500 times 60%, or \$3,300 per month.

Income replacement is 80% for a catastrophic condition. See the Short-Term Disability Conditions section of this chapter for more information.

If the employee's workers' compensation claim is approved, it becomes the primary benefit. The employee receives 66⅔% of his average weekly salary at the time of the disability, within limits established by the Workers' Compensation Act. The VLDP benefit is offset by the workers' compensation benefit.

CONTRIBUTIONS DURING LONG-TERM DISABILITY

An employee receives service credit during the period of long-term disability, based on the pre-disability income.

During periods of long-term disability, the employee and employer no longer make contributions. However, if the employee is totally and permanently disabled and qualifies for SSDI, the employer must continue to make the mandatory 1% employer contribution to the Hybrid 401(a) Plan.

EMPLOYMENT STATUS DURING LONG-TERM DISABILITY

Creditable service is earned during periods of long-term disability and counts toward the five years required for vesting and toward VRS service retirement. Service cannot be purchased during periods of long-term disability.

SOCIAL SECURITY LONG-TERM DISABILITY BENEFITS

An employee who is going into long-term disability is required to apply for SSDI benefits, if ReedGroup advises it.

ReedGroup provides Social Security filing assistance through Allsup at no cost to the employee. If the employee does not use this service, his VLDP long-term disability benefit is reduced by the estimated Social Security benefit amount during the Social Security application process.

LONG-TERM DISABILITY ADJUSTMENTS FOR WORKERS' COMPENSATION

Work-related long-term disability benefits are coordinated through VLDP and the employer's Workers' Compensation administrator.

Workers' compensation is the primary long-term disability benefit. VLDP benefits are secondary and are offset by payments received under workers' compensation. VLDP supplemental payments will not exceed 60% of the employee's pre-disability income (80% if catastrophic), adjusted for any wages and salary from employment.

An employee cannot take service retirement until all workers' compensation benefits have been paid and offset. See the Short-Term Disability Adjustments for Workers' Compensation section of this chapter to determine how the VLDP payment is offset.

TAXES ON LONG-TERM DISABILITY BENEFITS

The benefits paid under non-work-related long-term disability are fully taxable. Benefits for work-related long-term disability are not taxable.

LONG-TERM DISABILITY CONDITIONS

If the long-term disability is determined catastrophic, the 60% income replacement level may be increased to 80% for the duration of the disability. ReedGroup consults with the employee's licensed treating healthcare professional to determine if the employee's condition is catastrophic and when the 80% disability payments begin.

A disability is determined to be catastrophic if an employee requires substantial supervision to protect him from threats to health and safety as a result of severe cognitive impairment or if he is unable to perform at least two of the six activities of daily living. These activities are:

- Bathing;
- Dressing;
- Eating (ability to feed oneself);
- Controlling the bladder or bowel;
- Toileting (ability to get on and off the toilet and a reasonable level of personal hygiene);
- Transferring (getting in or out of bed or chairs).

V L D P B E N E F I T S

If the employee's condition improves so he no longer meets the criteria for catastrophic disability but he is still on long-term disability, the income replacement returns to 60% of the pre-disability income.

SUCCESSIVE PERIODS OF LONG-TERM DISABILITY DUE TO THE SAME CONDITION

If the licensed treating healthcare professional releases the employee to return to full-time, full-duty work and he becomes disabled again from the same or similar condition within 180 consecutive calendar days, the disability is considered to be a continuation of the prior long-term disability. The employee then goes on long-term disability with no elimination period.

If the employee is released to full-time, full-duty work by the licensed treating healthcare professional, but becomes disabled again from the same or similar condition after 180 consecutive calendar days, the subsequent period will be considered a new claim. The employee must initiate a new claim with ReedGroup and must satisfy the seven-day elimination period.

ADJUSTMENTS TO LONG-TERM DISABILITY BENEFITS

Long-term disability benefits are adjusted by any benefits payable as a result of the same disability. The employee cannot receive more than 100% of his pre-disability income.

Long-term disability benefit payments are reduced by the amount of income from the following sources:

- Wages and salary received from employment. Wages and salary include income reported on W-2 forms and income from self-employment;
- Disability payments from the SSA or other similar government program benefits that the employee or his family is entitled to as a result of the qualifying disability;
- Benefits paid under any other governmental disability program, including local government disability benefits, or federal civil service benefits that are paid for the same disabling condition;
- Benefits payable from any other employer-sponsored group insurance contract for the purpose of providing income replacement for the same disabling condition (not including any disability insurance purchased directly by the employee);
- Benefits paid under any compulsory benefits law, such as workers' compensation or unemployment compensation.

VLDP BENEFITS

Note: Cost-of-living increases received in payments from sources listed above are not considered in the offset of the VLDP long-term disability benefit.

Long-term disability benefit payments are offset by any amount from any of the above payment sources, whether or not the employee receives the payments. This includes cases where the employee is denied benefits and fails to appeal the denial. However, any benefits that are denied on an appeal that was requested by ReedGroup will not reduce the employee's disability payment.

Long-term benefits under some of the programs listed above that have been applied for, but not yet approved, do not reduce the employee's disability benefit until the approval has been obtained and the benefits from the other program begin. If the benefits from other programs are made retroactively, appropriate adjustments are made to collect the overpayment.

LONG-TERM DISABILITY ADJUSTMENTS FOR EARNED INCOME

Long-term disability benefits are adjusted by any salary and wages from employment during the first 12 months the employee receives disability benefits, based on the income level the employee receives under VLDP.

Example: The employee's pre-disability income is \$5,500 per month. He is working 50% of his normal hours, earning \$2,750 per month.

- $\$5,500$ (pre-disability income) \times 60% = \$3,300 (long-term disability benefit);
 - $\$2,750$ (earned wages and salary from employment) \times 60% = \$1,650;
 - $\$3,300 - \$1,650 = \$1,650$ (adjusted long-term disability benefits);
- The earned income of \$2,750 added to the adjusted long-term disability benefit of \$1,650 gives the employee \$4,400 of income from the combined sources.

After the first 12 months, long-term benefits are adjusted by 70% of wages and salary from employment.

Example: The employee's pre-disability income is \$5,500 per month. He is working 50% of his normal hours, earning \$2,750 per month.

- $\$5,500$ (pre-disability income) \times 60% = \$3,300 (long-term disability benefit);
 - $\$2,750$ (earned wages and salary from employment) \times 70% = \$1,925;
 - $\$3,300 - \$1,925 = \$1,375$ (adjusted long-term disability benefits);
- The earned income of \$2,750 added to the adjusted long-term disability benefit of \$1,375 gives the employee \$4,125 of income from the combined sources.

LONG-TERM BENEFIT OVERPAYMENTS

The employee is responsible for reporting any additional income to ReedGroup using the Outside Income Reporting Form (for long-term disability) included in the VLDP introductory packet. An employee who is overpaid in long-term benefits is required to repay ReedGroup. ReedGroup may also choose to collect interest on the overpayment amount.

The employee may also be responsible for repayment of long-term benefit payments due to:

- Falsification of statements;
- Falsification of any record knowingly made by or on behalf of the employee;
- The employee's failure to make any report of change in disability status.

This recovery may be made in one of the following ways:

- As an offset of future VLDP payments due to the employee;
- By payment from an employee's refund;
- By payment from an employee's life insurance benefit;
- By offset to the employee's retirement benefit;
- By action of law against the employee.

ReedGroup sends the employee a letter including a calculation of the overpayment. Unless the overpayment is returned to ReedGroup, the employee's long-term benefits are applied to the overpayment until it has been paid. ReedGroup may recover the overpayment through increments taken from future benefit payments or the employee may pay the amount in full.

LONG-TERM DISABILITY ADJUSTMENTS FOR WORKERS' COMPENSATION

If the long-term disability is work-related and the employee is receiving a workers' compensation benefit, the workers' compensation benefit is paid first. Lump-sum settlements under workers' compensation are prorated over the period during which the employee receives the VLDP long-term disability benefit. Payments made under the Workers' Compensation Act for permanent partial disabilities and medical, legal or rehabilitation expenses are not included in determining the prorated amount.

Example: An employee receives \$600 a week under workers' compensation. He accepts a lump sum settlement amount of \$12,000, which includes a payment of \$6,000 to cover both medical and legal expenses. Subtracting the medical and legal expenses from the \$12,000 yields a net lump sum payment of \$6,000. This net lump sum of \$6,000 is divided by the \$600 per week payment he would have received if he had not accepted the settlement ($\$6,000 \div \$600 = 10$ weeks). The VLDP supplemental long-term benefit applies as though the weekly

VLDP BENEFITS

workers' compensation benefit was being paid for a period of 10 weeks. After the 10 weeks, the full VLDP benefit is paid at the appropriate income replacement level.

9-, 10- AND 11-MONTH EMPLOYEES ON LONG-TERM DISABILITY

If the employee transitions into long-term disability before the end of the contract period, he remains on long-term disability benefits the same as any other employee as long as the disability continues to be certified for benefits. ReedGroup continues to work with the employee upon his return to work, if feasible, but the return will not be to the employee's pre-disability position if the contract was not renewed.

END OF LONG-TERM DISABILITY BENEFITS

Long-term disability benefits end when the employee:

- Is able to perform the full duties of the pre-disability job without any restrictions during the first 24 months of disability;
- Is able to perform the regular duties of any job for which he is reasonably qualified after 24 months of disability or earns 80% or more of the pre-disability income;
- Takes a refund of the VRS contributions and interest from the defined benefit component of the Hybrid Retirement Plan;³
- Is no longer medically eligible;
- Resigns from employment;
- Is terminated from employment for cause;
- Does not cooperate or comply with the requirements of VLDP;
- Begins to receive a VRS service retirement benefit;
- Dies.

Note: An employee cannot take service retirement while receiving workers' compensation benefits.

If the employee does not comply with VLDP requirements (such as return-to-work arrangements or vocational rehabilitation) during long-term disability periods, his benefits may stop and he may be terminated from the program and/or from employment.

If the employee dies during long-term disability, his survivor may be eligible for death-in-service benefits. The survivor should contact the employer's human resource office for more information about death-in-service survivor benefits.

³ See the Refunds Chapter of the Employer Manual.

RETURNING TO WORK AFTER A LONG-TERM DISABILITY

The employee continues to receive the VLDP long-term disability benefit while working under a return-to-work program and making less than 80% of his pre-disability income. However, the VLDP benefit is adjusted by any income earned while in the program.

MEDICAL AND VOCATIONAL REHABILITATION DURING LONG-TERM DISABILITY

ReedGroup may require an employee to participate in a rehabilitation plan while receiving long-term disability benefits. The goal is to assist the employee with rehabilitation and a safe return to gainful employment. When an employee goes on long-term disability, it may not be possible to return to the same job because the previous position may no longer be available.

The plan may be either:

- A medical plan prescribed by the licensed treating healthcare professional;
- A vocational rehabilitation plan or return-to-work plan coordinated by ReedGroup or a rehabilitation services provider.

The plan must be consistent with the licensed treating healthcare professional's recommendations regarding the employee's ability to return to work.

The following is taken into consideration when the vocational case manager assists the employee with writing and implementing his own formal vocational rehabilitation plan:

- Physical/mental capabilities;
- Educational background;
- Work history;
- Transferable skills;
- Pre-disability wages and salary;
- Interests;
- Aptitudes.

If the employee does not comply with vocational rehabilitation services, his long-term disability benefits may stop and he may be terminated from the program.

RESPONSIBILITIES DURING LONG-TERM DISABILITY

The following key parties work to make the long-term disability process as easy as possible and to return the employee to work as soon as he is medically able.

EMPLOYEE ON LONG-TERM DISABILITY

Throughout the period of long-term disability, an employee must comply with any medical or vocational rehabilitation requirements that ReedGroup has established, report to ReedGroup any outside income received and communicate with his supervisor. The employee:

- Signs and returns information sent by ReedGroup;
- Completes the Health Insurance Form to continue coverage, if applicable;
- Complies with return-to-work initiatives;
- Complies with assigned vocational rehab and/or other rehab services.

EMPLOYER OF A LONG-TERM DISABILITY RECIPIENT

The employer is responsible for helping the employee during the transition from short-term disability to long-term disability. The employer:

- Pays the employee for any annual, compensatory or overtime leave (dependent upon employer's leave program);
- Communicates benefit information to the employee;
- Communicates whether the job is being held;
- Provides the Health Insurance Form to the employee, if applicable;
- Stops paying short-term disability benefits;
- Stops reporting the employee to VRS.

LICENSED TREATING HEALTHCARE PROFESSIONAL OF A LONG-TERM DISABILITY RECIPIENT

The employee's licensed treating healthcare professional plays an important role in helping the employee return to work after a long-term disability. The licensed treating healthcare professional:

- Receives a copy of the medical release form;
- Provides medical information to ReedGroup;
- Participates in planning for the employee's rehabilitation;
- Works with ReedGroup, the employer and the employee with the return to work.

REEDGROUP FOR LONG-TERM DISABILITY BENEFITS

ReedGroup, the third party administrator for VLDP, serves as the coordinator of the long-term disability process. ReedGroup:

- Mails long-term disability packet to the employee;
- Obtains medical information;
- Approves or denies the claim;

VLDP BENEFITS

- Pays the employee directly for long-term disability benefits and the health insurance credit, if applicable;
- Reports the employee to VRS.

SECTION 4 – LONG-TERM CARE PLANS

Long-term care programs provide help with everyday life tasks during a prolonged health problem or following a major illness, injury or surgery. VRS administers the VLDP Long-Term Care Plan and the Commonwealth of Virginia (COV) Voluntary Group Long-Term Care Insurance Program.

VLDP LONG-TERM CARE PLAN

The VLDP Long-Term Care Plan provides benefits for an employee who needs help with everyday life tasks because of a prolonged health problem or following a major illness or injury. The VLDP Long-Term Care Plan helps pay for eligible services not covered by other health plans or Medicare.

ELIGIBILITY FOR THE LONG-TERM CARE PLAN

All active employees who are covered under VLDP are covered under the VLDP Long-Term Care Plan at no cost to them. The VLDP Long-Term Care Plan assists with the cost of:

- Care in a nursing home or hospice facility;
- Assisted living facility care;
- Community-based care;
- Home healthcare services;
- Informal care-giving;
- Alternative or transitional care.

Long-term care benefits are payable 90 calendar days following the beginning of each incident when a licensed treating healthcare professional certifies the employee:

- Is unable to perform at least two of the six activities of daily living without substantial assistance;
- Has a severe cognitive impairment requiring substantial supervision;

Activities of daily living are:

- Bathing;
- Dressing;
- Eating (ability to feed oneself);
- Controlling the bladder or bowel;
- Toileting (ability to get on and off the toilet and a reasonable level of personal hygiene);
- Transferring (getting in or out of bed or chairs).

VLDP BENEFITS

LONG-TERM CARE PLAN HIGHLIGHTS

The following chart highlights the major features of the long-term care plan:

Daily Benefit Maximum Amount	\$96 per day. This is the maximum amount of coverage the plan pays for covered services in any single day.
Lifetime Maximum Amount	\$70,080. The lifetime maximum amount is based on the maximum daily benefit amount of \$96 multiplied by 730 days (two years): \$96 x 730 days = \$70,080. Coverage ceases when the total benefit payouts reach \$70,080, regardless of how long benefits are paid.
Premiums	There is no charge as an active VLDP participant. See the Continuing Long-Term Care Coverage section of this chapter.
How Benefits Are Paid	The benefit is equal to the lesser of: <ul style="list-style-type: none">• Actual qualified expenses incurred per day;• Allowable daily benefit amount.
Long-Term Care Waiting Period	Benefits are payable 90 calendar days after the beginning of each incident certified by a licensed treating healthcare professional as eligible for VLDP long-term care benefits.

LONG-TERM CARE PLAN BENEFITS

Long-term care plan coverage pays the lesser of the actual qualified expenses incurred per day or the allowable daily benefit amount. The following chart summarizes the coverage levels for each type of care:

Nursing Care Facility	Up to 100% of the maximum daily benefit amount of \$96. The benefit provides skilled and custodial care in a nursing facility that meets all applicable licensing requirements.
Assisted Living Facility	Up to 100% of the maximum daily benefit amount of \$96. The benefit provides personal services and care in an assisted living facility that meets all applicable licensing requirements.
Hospice Care Facility	Up to 50% (\$48) of the maximum daily benefit amount. If the employee is terminally ill, the benefit provides care in a hospice facility that meets all applicable licensing requirements.
Home Health Care	Up to 50% (\$48) of the maximum daily benefit amount. Home health care includes custodial care, nursing care, therapy and

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	homemaker services provided in-home by nurses, social workers, home health aides or other licensed or certified professionals.
Adult Day Care Center	Up to 50% (\$48) of the maximum daily benefit amount. This covers care in a community-based, group setting for adults.
Hospice Care Agency	Up to 50% (\$48) of the maximum daily benefit amount. If the employee is terminally ill, provides in-home care by a hospice care agency that meets all applicable licensing requirements.
Alternate Plan Benefit	Up to 50% (\$48) of the maximum daily benefit amount. The benefit may cover an Alternate Plan of Care developed by the licensed treating healthcare professional, provided the employee, the employee's physician and the Long-Term Care Group, Inc. agree to the plan.
Transitional Care	A one-time cash payment equal to three times (\$288) the maximum daily benefit amount can be used to support the transition from independent living to long-term care. The employee may use this one-time payment in any way he wishes. Note: This benefit does not reduce the lifetime maximum benefit.
Informal Care Benefit	Up to 25% (\$24) of the maximum daily benefit amount for up to 50 days per calendar year can be used for personal care from a family member, neighbor or private caregiver. Coverage pays the lesser of actual qualified expenses incurred per day or the allowable daily benefit amount. Note: This benefit does not reduce the lifetime maximum benefit.
Informal Caregiver Training	One payment each time the employee is receiving benefits can be used to provide for the training of a personal caregiver by a licensed treating healthcare professional. Coverage pays the lesser of the actual amount of the cost of training or three times (\$288) the maximum daily benefit amount. Note: This benefit does not reduce the lifetime maximum benefit.
Bed Reservation	If the employee is in a covered facility, such as a nursing home, and has to be hospitalized, the plan covers up to 100% of the maximum daily benefit amount (\$96) for up to 21 days per calendar year.
Respite Care	Up to 50% (\$48) of the maximum daily benefit amount for up to 21 days per calendar year can be used to provide for a substitute in-home caregiver while the usual caregiver takes leave. Note: The benefit does not reduce the lifetime maximum benefit.
Care Advisory Services	This benefit is used to identify local long-term care services and programs available that can best meet the employee's care needs. Services provided

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by care advisors are voluntary.

World-Wide Coverage

The employee is reimbursed for charges incurred for services equivalent to those covered under this plan outside the United States, its territories or Canada. The amount of the reimbursement equals the benefit amounts allowable under the plan for up to 365 days of services. All bills remitted must be for US dollars.

APPLYING FOR LONG-TERM CARE BENEFITS

The employee or his representative must contact the Long Term Care Group, Inc. within 60 days of the employee being certified by a licensed treating healthcare professional of his qualification for benefits.

Long Term Care Group, Inc.
P.O. Box 64011
St. Paul, MN 55164-0011
Phone: 800-761-4057

A customer service representative explains the information needed to process the claim and within 10 days of receiving the completed application, the Long Term Care Group, Inc. sends the employee a written notice of benefits.

CONTINUING LONG-TERM CARE COVERAGE

An employee who terminates or retires from a VLDP-covered position may elect to continue participating in the VLDP Long-Term Care Program at his own expense when he is no longer working. The employee pays the premium, which is based on group rates. The plan benefits and eligibility requirements are the same as those for active employees. The employee is billed directly for the premiums.

The employee must complete the Long-Term Care Plan Authorization of Coverage Retention (VRS-170) within 60 calendar days of the last day of VLDP-covered employment. The VRS-170 allows the employee to retain coverage and choose how to pay for the coverage. The employee must also complete the Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171) to ensure he receives written notice of termination of his coverage because he has not paid the required premium. For more information, call Long Term Care Group Inc. at 800-761-4057.

COV VOLUNTARY GROUP LONG-TERM CARE INSURANCE PROGRAM

An employee who is eligible for the VLDP Long-Term Care Plan or who has other long-term care insurance may have additional coverage under the Commonwealth of Virginia (COV) Voluntary Group Long-Term Care Insurance Program. VRS has contracted with Genworth Life Insurance Company as the insurer for the program. Coverage provides a monthly benefit allowance for covered long-term care expenses.

This program is only available to employees hired prior to January 1, 2017.

COV VOLUNTARY GROUP LONG-TERM CARE PREMIUMS

Premiums are paid directly to Genworth by the employee. If the employee arranges to pay the premiums directly to Genworth on a quarterly, semi-annual or annual basis, the premiums may be reduced.

Premium rates are guaranteed through March 1, 2020 and until then will increase only if the employee makes a change in coverage.

COV VOLUNTARY GROUP LONG-TERM CARE OPTIONS

During enrollment, an employee chooses three elements: the monthly benefit, the total coverage amount and the benefit increase option.

The monthly benefit is the maximum amount the plan covers for qualifying long-term care expenses each month. The available choices are:

- \$3,000;
- \$4,500;
- \$7,500.

Once the monthly benefit amount is chosen, the employee chooses the maximum lifetime benefit amount, which is the total coverage available under the plan. This pool of money pays for the long-term care expenses over the lifetime of the plan. The three choices are:

- Two times the monthly benefit amount;
- Three times the monthly benefit amount;
- Five times the monthly benefit amount.

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The table below shows the monthly benefit choices and the corresponding total coverage amounts (maximum lifetime benefit options). For example, if the employee chooses a monthly benefit amount of \$3,000, he can choose total coverage (maximum lifetime benefit amount) of \$72,000, \$108,000 or \$180,000.

Monthly Benefit	Total Coverage (Maximum Lifetime Benefit)		
\$3,000	\$72,000	\$108,000	\$180,000
\$4,500	\$ 108,000	\$ 162,000	\$270,000
\$7,500	\$180,000	\$270,000	\$450,000

COV VOLUNTARY GROUP LONG-TERM CARE BENEFIT INCREASE OPTIONS

In addition to choosing a monthly benefit and maximum lifetime benefit option, an employee also chooses one of three benefit increase options. Benefit increase options allow coverage to increase over time to help with the rising cost of care.

The benefit increase options are:

- Future Purchase Option;
- 3% Compound for Life;
- 5% Compound for Life.

The Future Purchase Option allows an employee to purchase more coverage every three years. If the offer is accepted, the monthly benefit amount and total coverage amount (less any claims paid) will increase by 5%, compounded annually. This feature is automatically included in the plan the employee selects. Evidence of good health is not required.

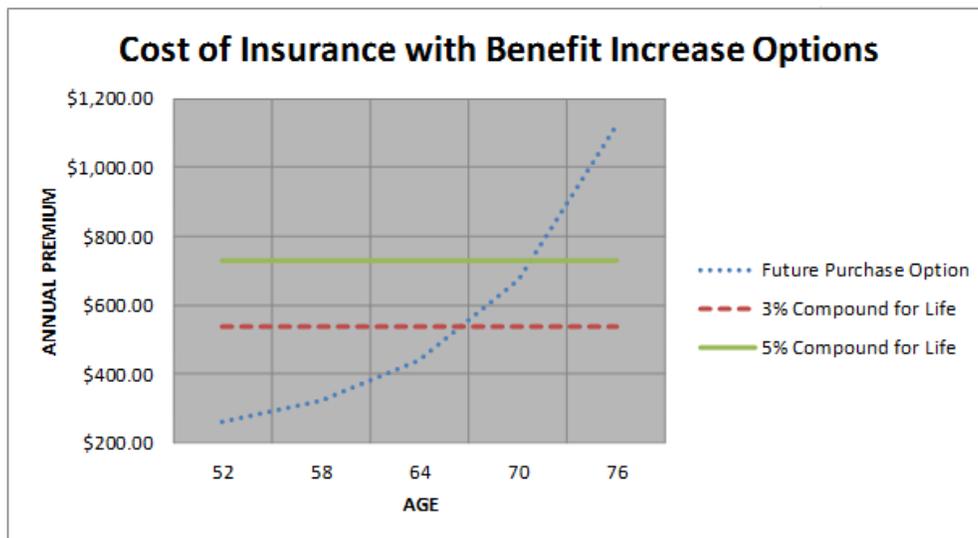
The Future Purchase Option allows for lower premiums today than what is provided with other benefit increase choices. The employee chooses when to increase coverage based on his individual needs at the time of the offer. However, the premiums are based on the employee's age at the time the offer is accepted. If the employee declines the offer two consecutive times, there will be no further opportunities to increase coverage.

Under the 3% Compound for Life option, the monthly benefit and total coverage amount (less any claims paid) automatically increase by 3% compounded every year. This option has a higher initial premium but the premium does not increase each time the benefits increase.

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The 5% Compound for Life option is the most comprehensive inflation protection available with the plan. The monthly benefit and total coverage amount (less any claims paid) automatically increases by 5% compounded every year. The initial premium is higher but the premium does not increase each time the benefit coverage increases.

Example: The chart below compares the annual premium paid by a 52-year-old for policies with Future Purchase Option; 3% Compound for Life and 5% Compound For Life. It assumes an initial choice of a monthly maximum of \$3,000 per month and a total coverage (lifetime maximum) amount of \$108,000. The chart assumes that under the Future Purchase Option, the employee elects the increase offer every sixth year.



COV VOLUNTARY GROUP LONG-TERM CARE BENEFITS

An employee may qualify for benefits if he needs assistance with two activities of daily living and the assistance is expected to be needed for at least 90 days. He may also qualify for benefits if he has a severe cognitive impairment and requires supervision.

After a doctor, nurse, social worker or other appropriately licensed treating healthcare professional certifies his inability to perform two activities of daily living or that he has a severe cognitive impairment, benefits begin after a 90-day long-term-care waiting period. The 90-day waiting period begins on the first day of receiving covered long-term care services. The employee is only required to satisfy one 90-day waiting period per lifetime.

Coverage under the COV Group Long-Term Care Insurance Program includes the following:

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Care Coordination Services	These services are intended to help identify care needs and community resources available to deliver care. The services are furnished by a team of covered care coordinators provided by Genworth. The cost of the services are at Genworth's expense and do not count against any payment maximum.
Nursing Facility Benefit	Nursing facility means a facility that is engaged primarily in providing continual (24 hours a day, every day) nursing care to all of its residents or inpatients in accordance with the authority granted by a license issued by the federal government or the state in which it's located. The maximum payable each month is the lesser of the monthly benefit amount elected under the plan or the cost incurred. This benefit is subject to the 90-day waiting period and the lifetime maximum.
Assisted Living Facility Benefit	Assisted living facility means a facility (including one for people with Alzheimer's) that is engaged primarily in providing maintenance or personal care services to its residents and that meets all applicable licensing requirements. The amount payable each month under the assisted living facility benefit is the lesser of the monthly benefit amount elected under the plan or the cost incurred. This benefit is subject to the 90-day waiting period and the lifetime maximum.
Bed Reservation Benefit	This benefit will pay up to the maximum monthly benefit amount for the cost of reserving accommodations in a nursing facility or assisted living facility if the participant is temporarily absent from the facility for any reason. The amount payable is up to the lesser of the monthly benefit amount elected under the plan or the cost incurred. This benefit is payable for a maximum of 60 days per calendar year and is subject to the 90-day waiting period and the policy lifetime maximum.
Home and Community Care Benefits	Home and community care benefits include adult day care, nurse and therapist services, home health or personal care service and incidental homemaker and chore care. The amount payable under the plan is the lesser of 50% of the monthly benefit amount elected under the plan or the cost incurred. This benefit is subject to the 90-day waiting period and the policy lifetime maximum.
Informal Care Benefit	Informal care services are maintenance or personal care services another person provides in the home to enable independent living at home. The benefit payable is the actual expenses incurred up to a maximum benefit payable of 1% of the monthly benefit amount elected under the plan per calendar day for no more than 30 days per year. Payment under this benefit cannot be used to satisfy the 90-day waiting period and is subject to the policy lifetime maximum.
Hospice Care Benefit	Hospice care means expenses incurred for care and support services in a hospice care facility, nursing facility or assisted living facility. These expenses are paid based on the lesser of the expenses incurred or the monthly benefit elected under the plan. A covered expense also means covered expenses for home health or personal care services and incidental homemaker and chore care. The lesser of 50% of the monthly

VLDP BENEFITS

benefit amount elected under the plan or the expense incurred is paid for home health or personal care services and incidental homemaker and chore care. The hospice care benefit cannot be used to satisfy the 90-day **waiting** period and it is subject to the policy lifetime maximum.

Respite Care

This benefit provides temporary short-term relief for persons who normally and primarily care for the covered individual at home on a regular and unpaid basis. Covered expenses for respite care means care in a nursing facility, care in an assisted living facility, and home and community care. The benefit pays the lesser of the monthly benefit elected under the plan or the expenses incurred. Payment of this benefit is not subject to the 90-day **waiting** period and days of covered care under it cannot be used to satisfy the 90-day **waiting** period. The respite care benefit is also subject to the policy lifetime maximum.

Alternate Care Benefit

Services, devices or treatments not otherwise payable under the plan that Genworth has determined are cost-effective, appropriate to the employee's needs, consistent with general standards of care, provide an equal or greater quality of care than otherwise provided by the coverage, qualified long-term care services and are clearly specified in the plan of care and in a separate written mutual agreement between Genworth, the participant and if appropriate, the employee's physician. The written agreement will state how the 90-day **waiting** period affects payment and any time and payment maximums. The alternate care benefit is subject to the lifetime maximums.

APPENDIX – GLOSSARY OF VLDP TERMS

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z #

Activities of Daily Living

Bathing, transferring (such as getting in and out of bed), dressing, toileting (using the bathroom), continence and eating (ability to feed oneself).

Catastrophic Condition

A disability is determined to be catastrophic if an employee requires substantial supervision to protect the employee from threats to health and safety as a result of severe cognitive impairment or is unable to perform at least two of the six activities of daily living.

Eligible Employee

To be eligible for VLDP, an employee must be in the Hybrid Retirement Plan and his employer must have elected coverage under VLDP.

Elimination Period -- Short-Term Disability

Seven consecutive calendar days of medical absence from work that must be met before short-term disability benefits can begin. The elimination period commences the first day of a disability. An employee who returns to work for 20 hours or less during the seven-calendar-day elimination period will have satisfied the elimination period. If the absence is due to a major chronic condition or catastrophic illness diagnosed at the onset of the disability, no elimination period is required before benefits begin.

Holiday

Official workday designated by the governing body of the employer. For a full-time employee, a holiday is eight hours and a half-day holiday is four hours.

Licensed Treating Healthcare Professional

A doctor of medicine or osteopathy who is licensed to practice medicine or surgery by the state in which the doctor practices. Also included: podiatrist, optometrist, chiropractor, scientologist, clinical psychologist, or clinical social worker licensed to practice in the state and performing within the scope of his practice as defined under state law.

If the licensed treating healthcare professional is not a doctor of medicine or osteopathy, the employee may be required by ReedGroup to seek treatment from a doctor or osteopath after a reasonable period of time.

Long-Term Care

Reimbursement for medical, personal and social services provided in a nursing care facility, assisted living, home health or respite care. To qualify the employee must be unable to perform two out of the six activities of daily living or have a severe cognitive impairment. There is an once-in-a-lifetime long-term care waiting period (90 days) and a maximum lifetime benefit.

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Long-Term Disability Benefit

An income replacement benefit that commences upon the expiration of 125 workdays of short-term disability benefits if the employee continues to be medically eligible.

Major Chronic Condition

A life threatening health condition that exists over a prolonged period of time and is not expected to resolve in the foreseeable future. The determination of a life threatening health condition is made at the discretion of ReedGroup in accordance with, but not limited to, the following criteria. The employee:

- Must be deemed disabled by a licensed treating healthcare professional;
- Have had an approved disability claim for the same condition within the last six months;
- Must be under the ongoing care of a licensed treating healthcare professional.

All cases are reviewed and updated with additional medical documentation on an individual basis. There is no elimination period for illnesses/injuries designated as major chronic.

Partial Disability

A partial disability exists during the first 24 months following the occurrence or commencement of an illness or injury:

- When an employee is earning less than 80% of his pre-disability earnings;
- As a result of injury or illness, is able to perform one or more, but not all, of the essential job functions of his own job on a full-time basis; or
- Is able to perform all of the essential job functions of his own job only on a part-time basis.

Return-to-Work Program

Assignment of an employee to his pre-disability position or alternative assignments for a specified length of time with job modifications in an attempt to assist the employee in returning to full-duty employment.

Severance

An employee may receive severance payments when involuntarily separated from his position. VLDP benefits are offset by severance payments.

Short-Term Disability Benefits

An illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a major chronic or catastrophic condition, which prevents an employee from performing the full duties of the job. VLDP provides coverage for non-work-related and work-related disabilities.

Total Disability

A total disability exists during the first 24 months following the occurrence or commencement of an illness or injury if an employee is unable to perform all of the essential functions of his normal job duties, on a full-time basis. It exists after 24 months following the occurrence or commencement of an illness or injury if an employee is unable to perform any job for which he is reasonably qualified based on his training or experience and is earning less than 80% of his pre-disability earnings.

V L D P B E N E F I T S

Virginia Retirement System (VRS)

The state agency authorized to administer pensions, benefits and retirement policies.⁴

Virginia Local Disability Program (VLDP)

VLDP provides income protection for an employee who cannot work because of a non-work-related or work-related illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a major chronic or catastrophic condition. VLDP benefits include: short-term and long-term disability coverage and long-term care coverage. VLDP provides transitional, medical rehabilitation and vocational rehabilitation plans to help the employee return to work when able and free advocacy service to assist the employee in applying for SSDI benefits.

Waiting Period -- Long-Term Care

Benefits are payable 90 calendar days after the beginning of each incident certified by a licensed treating healthcare professional as eligible for VLDP long-term care benefits.

Work-Related Injury or Illness

An injury or illness which occurs on the job to an eligible employee for which benefits are payable under the Workers' Compensation Act.

Workday

When a full-time employee is on disability leave, it is assumed that his work schedule is a standard eight-hour day. This includes those pay periods in which the employee starts short-term disability or returns to work following short-term disability.

Workers' Compensation Benefit

Income replacement as awarded by the Workers' Compensation Commission when an employee suffers a compensable work-related injury or illness. Income replacement is awarded by workers' compensation and is based upon 66 $\frac{2}{3}$ % of the average weekly wage earned prior to the accident within a minimum and maximum amount.

⁴ See Title 51.1 of the [Code of Virginia](#).