

Chapter 1. VLDP Benefits

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VLDP Benefits

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 opt out during the election period and provide 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 Reed Group, 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 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

There are a number of key participants who ensure the program functions properly. Employees, VRS, Reed Group, the Long Term Care Group, employers and workers' compensation all play an important role in the claims process.

Employers must keep records for employees covered under VLDP. You must also furnish information required by the VRS Board of Trustees or its designee. In addition, employers communicate with members and work with third-party administrators to ensure members' needs are met.

Employees are responsible for reporting their 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. Reed Group 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. The Long Term Care Group 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 manual is discussed, the responsibilities of each of these key participants will be outlined in detail.

CONTACT INFORMATION

You can communicate with VRS in a variety of ways, including phone, fax and e-mail. Separate addresses have been set up for e-mail, depending on whether the individual is an employer, a member or a retiree.

VRS

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

Toll Free: 1-888-VARETIR (827-3847)
Fax: 804-786-1541
TDD: 1-804-289-5919
Website: www.varetire.org

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

Reed Group

Reed Group
P.O. Box 6248
Broomfield, CO 80021

Phone: 1-877-928-7021 Employee
Website: www.reedgroup.com/vldp-claims

Workers' Compensation

Workers' compensation providers vary by employer.

Long Term Care Group

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

Toll Free: 1-800-761-4057

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 chapters of this VLDP Employer Manual.

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 <i>elimination period</i>	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

School division and political subdivision employees who are hired on or after January 1, 2014, and participate in the Hybrid Retirement Plan are eligible 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 Employer Manual on the VRS website under Publications.

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
60-64	Five years from the date the disability benefit began or normal Social Security retirement age, whichever is longer
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 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 process. Employees are responsible for contacting the court to obtain the exemption. However, court orders will be honored.

SOCIAL SECURITY DISABILITY INSURANCE BENEFITS

In addition to VLDP benefits, employees may also be eligible for Social Security Disability Insurance benefits (SSDI). If Reed Group 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:

- 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 out 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 Social Security Disability Claim

Allsup provides Social Security filing assistance at no cost to the member.

Reed Group provides Social Security filing assistance through Allsup at no cost to the member. If the member 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 member 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 member 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 Reed Group 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 Reed Group 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 the employee's birth certificate;
- W-2 forms for the past two years; and
- Names, address and phone numbers of the licensed treating healthcare professionals, as well as any clinics or hospitals where the employee has been treated.

Social Security Disability 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.

If the employee has been 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 Social Security disability benefits award is retroactive over a period the employee received VLDP benefits, the employee will be required to reimburse the employer and/or Reed Group for the overpayments.

Social Security Disability Benefits Denial

If the SSDI benefits claim is denied and the member 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 Reed Group. The employee will be required to repay any overpayments of disability benefits received under VLDP.

The employee may also be asked to repay interest on the amount of the overpayment.

The employee must report to his employer and/or Reed Group the following payments received as the result of the same disability from the following sources¹:

- Any disability payments the employee or employee's family receives from the Social Security Administration;
- Any disability benefits paid under any other governmental disability program, 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; and
- 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 normal, uncomplicated deliveries or C-section deliveries;
- Reed Group 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 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; and
- If the employee's payments under the Workers' Compensation Act are adjusted or terminated for refusal to work or to comply with the

¹ See Code of Virginia § 51.1-1159.

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 Reed Group 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. Reed Group 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 Reed Group, in compliance with state and federal privacy laws and regulations governing such information.

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

- 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;
- 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 percent, 80 percent and 60 percent income; and
- case closure dates.

REVIEW AND APPEAL PROCESS

Not all adverse claim decisions are eligible for appeal.

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

The employee will be notified in writing of any Reed Group claim decision. If the claim is denied or terminated, the employee will be given the reasons as well as the steps to appeal the decision, should the employee wish to pursue an appeal. The employee must notify Reed Group of the decision to appeal within 180 calendar days from the date of the decision letter.

Appeal Process

The appeal process is outlined below:

1. The employee receives a decision letter from Reed Group explaining the benefits have been denied or terminated.
2. The employee submits a written appeal letter to Reed Group, 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. The employee receives an acknowledgement letter from Reed Group, with the name and phone number of the appeals specialist handling the appeal.
4. Reed Group has an initial review period of 45 days. If there are circumstances beyond the control of Reed Group, the appeals specialist will notify 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.
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 appeal the decision again if additional information is provided within the period of time specified in the denial letter.
6. The appeals specialist sends the employee an acknowledgment letter that Reed Group received the re-appeal by the employee. The claim will go 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 request a circuit court judge to review Reed Group's re-appeal decision. The employee should file a notice of appeal with VRS, along with a copy to Reed Group within 30 days after the date of the re-appeal decision letter denying or terminating benefits. The letter informs the employee that the rules of the Supreme Court of Virginia govern all circuit court appeals, and 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 will receive a written letter stating the approval and any applicable past due benefits.