

VANDERBILT UNIVERSITY AND MEDICAL CENTER

HUMAN RESOURCES POLICIES AND PROCEDURES

SUBJECT: LONG TERM DISABILITY APPLICATION PROCEDURE

Policy # HR-032

EFFECTIVE DATE: July 1, 2001

POLICY

The purpose of this policy is to outline the Long Term Disability (LTD) Insurance benefit application process for staff as described in the LTD Summary Plan Description and to clarify the relationship between this policy and the policies governing other Leaves of Absence.

I. ELIGIBILITY

- A. **Participation in the Long Term Disability Plan:** All full-time staff are eligible for Group LTD insurance coverage under Vanderbilt's Group LTD policy after one year of full-time service. However, if you were insured under your most recent employer's LTD plan, the one-year waiting period may be waived. For waiver consideration, please contact the Benefits Office of Human Resource Services.
- B. **Effective Date of Coverage:** The insurance becomes effective:
- after one year of full-time service, and
 - if the staff member is actively at work on that date. [1]
- C. **The Disability Carrier Defines Disability When:**
- you are limited from performing the material and substantial duties of your regular occupation due to your sickness or injury; and
 - you have a 20% or more loss in your indexed monthly earnings due to the same sickness or injury; and
 - during the waiting period, you are unable to perform any of the material and substantial duties of your regular occupation.

II. PROCEDURE

A. **Making Application for Long Term Disability Insurance**

Benefits: A staff member may obtain an application form from the Benefits Office of Human Resource Services (HRS) and file the completed form with the Benefits Office as soon as it is recognized that he/she may be eligible for the benefit. Generally, the application process may take two to three months. Written notice of a claim should be submitted to the LTD insurance company with whom Vanderbilt has a contract for coverage within 30 days after the disability begins or as soon as possible so that a claim decision can be made in a timely manner. There is a six-month period between the onset of the condition constituting a disability and when benefits are payable. [2] However, a staff member must submit the LTD application within 12 months of the onset of the disability for consideration for this benefit.

What is Provided:

The Long Term Disability Insurance Plan provides two standard payment benefits. [3] Those benefits include:

- an income payment of a percentage of covered monthly earnings exclusive of overtime pay, bonuses and other types of extra compensation, and
- a contribution of a percentage of retirement eligible salary to the staff member's Vanderbilt University Retirement Plan account(s).

When Benefits Begin:

Benefits begin on or around the first day of the month following six (6) consecutive months of total disability as defined by the plan. LTD payments continue for as long as the disability lasts or up to age 65 whichever occurs first. If disability occurs after age 60, the maximum period of LTD payments is based upon the following schedule:

Age 60 through 64	5 years
Age 65 through 69	To age 70, but not less than 1 year
Age 70 and over	1 year

- B. **Benefit Costs:** Vanderbilt University provides coverage for annual salaries up to \$24,000 at no cost to the staff member. The staff

member may cover salary above \$24,000 at his/her option and expense. Generally, approval for the LTD payment after you incur a covered disability begins after a Leave of Absence period (paid or unpaid).

When approved for up to a 6-month leave of absence, staff should be aware of the following benefit cost considerations:

- Within the first six (6) months of a leave of absence, the staff member pays the amount normally paid through payroll deduction for health care coverage as if he/she were working.
- If the individual is in a paid status (e.g., being paid on accrued vacation, sick or personal leave), all other non-health care benefit costs remain the same as in an active status.
- In addition, when a staff member is in an unpaid status he/she may continue health care costs for up to six (6) months at the payroll deduction rate, however, all other non-health care benefits may be continued by paying the full cost (the University's portion as well as the payroll deduction amount).
- Once approved for the LTD benefit, the staff member may opt to continue his/her current healthcare coverage at the premium rate or he/she may select the default plan. The default plan is determined each year based upon the plans being offered.

C. LTD Insurance Conversion Options:

Group LTD insurance ceases at the end of employment at Vanderbilt. The Group policy may be converted to an individual policy within a 30-day period upon termination of the coverage. This is called a Conversion Option.

- In order to maintain the conversion option through an unpaid period, the staff member must continue to pay the premium cost. If the staff member chooses to continue the LTD coverage by paying the premium throughout the six-month waiting period, the premiums paid during the period will be reimbursed by Vanderbilt if the disability benefit is approved.
- If the staff member chooses not to pay the premium and is not approved for the benefit, the staff member loses the

ability to convert the Group LTD insurance policy to an individual insurance policy.

- D. **Use of Sick Leave Accumulations:** During the six-month period, the staff member must use all accrued leave available, sick, vacation and personal, before going into an unpaid status. In cases of a delayed application for LTD benefits, the approval may happen after the six-month waiting period ends. Because of this, part of the LTD payment may be made retroactively given the following considerations:
- If the LTD payment is approved and leave accumulations have been used, no LTD payments will be made for the period covered by the sick time.
 - If no leave time was available following the six-month leave of absence, the approved LTD payment will be paid back to the beginning of the six-month waiting period.
 - If the LTD company denies the claim and the staff member has not been out beyond six months (maximum leave available under our policy), and remains under the care of a physician, the staff member can continue the leave for the balance of the six months.
 - If the LTD company denies the claim and the staff member has been out beyond six months, the staff member may be either returned to work or terminated.

NOTE: If an application has been submitted to the LTD insurance company for LTD payments, but the approval takes longer than six months, the staff member who has leave time available may continue to remain in a paid status until one of two things occurs: approval/denial is given for the benefit or accruals are exhausted. **This is an exception to the use of sick time accruals and the maximum leave time available under the [Medical and Personal Leave of Absence Policy, HR Policy #012](#).**

III. **WORKERS' COMPENSATION**

If a staff member's medical absence is due to a compensable work-related injury or occupational disease, he/she will be eligible to receive workers' compensation (work comp) benefits that will cover part of the income. The staff member may also use accumulated sick, personal, and vacation time to supplement work comp benefits so that he/she can maintain full weekly wages as long as possible during the medical leave. If it appears that the medical leave will last longer than six months, the staff member should

contact the Benefits Office to determine if completing a LTD insurance application is appropriate.

IV. **EXCLUSIONS**

Benefits are not payable under the LTD insurance policy if total disability results from any of the following causes:

- Injury or sickness resulting from war, declared or undeclared;
- Intentional self-inflicted injury or illness;
- Active participation in a riot;
- Loss of a professional license, occupational license or certification;
- Commission of a crime for which you have been convicted under state or federal law;
- Pre-existing condition (generally defined as a condition for which you received medical treatment or had symptoms for which you should have sought medical treatment in the three months immediately prior to the effective date of coverage under the LTD insurance policy and the disability occurs in the first 12 months after the effective coverage date).

In addition, benefits are not payable for any period of disability during which the individual is incarcerated.

GENERAL

Terms and conditions of the LTD Plan Document define and determine the administration of this benefit. Vanderbilt reserves the right to change, terminate, or discontinue any portion or features of the long term disability insurance plan at any time and to the extent permitted by law without the consent, or without prior notice. To the extent any statement in this policy is inconsistent with the policy provisions and language in the policy provided by the third-party LTD insurance company, the insurance policy provisions will control. If a staff member thinks he/she may need or be entitled to any LTD benefits, he/she is strongly encouraged to review the LTD Plan Document to determine coverage rights and limitations. Staff may request a copy of the Plan Document or Certificate of Coverage that provides full LTD information from Human Resource Services, Benefits Office.

[1] If a staff member is absent from work on the day that he/she would have otherwise become insured under the disability program, the LTD coverage becomes effective on the date the staff member returns to work.

[2] Consistent with the Long Term Disability Plan Document, the decision for approval of the benefit is made by the Third Party disability insurance company.

[3] Throughout this policy the benefit is referred to collectively as the "LTD payment".

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