

# Voluntary Long-Term Disability Insurance

for Employees of the University of Texas System

EFFECTIVE SEPTEMBER 1, 2016



BlueCross BlueShield of Texas

**UT** Benefits  
THE UNIVERSITY OF TEXAS SYSTEM

# Group disability insurance pays a percentage of your salary when you are unable to work full time because of a covered illness or injury. These benefits can be used to help pay your everyday expenses when you are without a paycheck.

## LONG-TERM DISABILITY (LTD)

All benefits-eligible, active employees may elect to enroll for voluntary long-term disability. For questions on eligibility, please refer to the Office of Employee Benefits' active employee web page or contact your institution's benefits office.

- The monthly benefit is 60% of your monthly earnings up to a maximum of \$12,025 per month.
- You pay 100% of the premium for the voluntary LTD.

LTD benefits will begin after you have been disabled for 90 days and may continue until you reach age 60 or beyond as indicated in the chart below.

| Age at Disability | Maximum Period Payable                 |
|-------------------|--|
| Less than 60      | To age 65, but not less than 60 months |
| 60 – 64           | 60 months                              |
| 65 – 69           | To age 70, but not less than 12 months |
| 70 and over       | 12 months                              |

## MONTHLY PAYROLL DEDUCTIONS

The monthly premium is based on your salary. To calculate your premium cost, follow this simple formula.

Divide your annual salary by 12. Then round to the nearest whole dollar (this number is capped at 20,042). Then multiply by \$0.0038 (the rate).

The following example assumes a salary of \$50,000.

$50,000 / 12 = 4,166.67$ , rounded to the nearest whole dollar =  $4,167 \times .0038 = \$15.83$  of monthly premium

## ELIGIBILITY AND ENROLLMENT

Eligible employees may enroll for voluntary benefits. If you are eligible and you do not apply during the initial enrollment period or within 31 days of your eligibility date, you must wait until the next annual enrollment period or a qualified change in family status event to elect voluntary benefits.

We will require satisfactory evidence of insurability for applicants who did not enroll during the initial enrollment period (or when they were first eligible to do so).

## DEFINITION OF EARNINGS

Your earnings will be the greater of your earnings from UT System immediately preceding your date of disability or your earnings on September 1 immediately prior to your disability. Earnings consist of your total income before taxes, including:

- hazardous duty pay
- longevity pay
- employee contributions made through a salary reduction agreement with your employer to an IRC Section 401(k), 403(b), 501(c)(3), 457 deferred compensation plan, or any other qualified or non-qualified employee retirement plan or deferred compensation agreement
- amounts contributed to your fringe benefits according to a salary reduction arrangement under an IRC Section 125 plan

Earnings do not include:

- commissions
- bonuses
- overtime pay
- UT System's contribution on your behalf to a retirement plan or deferred compensation arrangement
- any other extra compensation

## DEFINITION OF DISABILITY

You may be totally or partially disabled under this plan. Total disability means that during the first 24 consecutive months of benefit payments due to sickness or injury you are continuously unable to perform the material and substantial duties of your regular occupation and your disability earnings, if any, are less than 20% of your pre-disability indexed monthly earnings.

After the LTD monthly benefit has been paid for 24 consecutive months, total disability means that due to sickness or injury you are continuously unable to engage in any gainful occupation and your disability earnings, if any, are less than 20% of your pre-disability indexed monthly earnings

Partial disability means that during the elimination and maximum period payable due to sickness or injury you are able to work in any gainful occupation and you are able to earn at least 20% of your pre-disability indexed monthly earnings.

Note: If you become disabled when school is not in session, disability will be based on whether or not you would be able to perform the material and substantial duties of your regular occupation if school were in session

## PRE-EXISTING CONDITION EXCLUSION

Benefits may not be payable for a condition that existed prior to you enrolling for coverage. A pre-existing condition means a condition that was caused by or results from a sickness or injury for which you received medical treatment or advice was rendered, prescribed or recommended, whether or not the sickness was diagnosed at all or was misdiagnosed within 3 months prior to your effective date, and results in a disability that begins in the first 12 months after your effective date. Time enrolled with the prior carrier does count toward satisfying the pre-existing condition.

## EFFECTS OF OTHER INCOME WHILE DISABLED

Disability insurance is designed to help you meet your financial obligations by replacing some of your lost earnings if you cannot work due to a disability. The benefit amount may be reduced by other sources of income you receive while disabled. Other income sources that will reduce your benefits under this plan are:

1. Disability benefits paid, payable or for which you are eligible:
    - i. occupational accident coverage provided by or through UT System
    - ii. any Statutory Disability Benefit Law
    - iii. the Railroad Retirement Act
    - iv. Title 46, United States Code Section 688 et seq (The Jones Act)
    - v. Title 33, United States Code Section 901 et seq (Longshore and Harbor Workers' Compensation Act)
  - a. Any group insurance plan provided by or through UT System
  - b. Any sick leave or salary continuance plan provided by or through UT System
  - c. The Social Security Act, including any amounts for which your dependents may qualify because of your disability
  - d. The Canada Pension Plan, Quebec Pension Plan or any other similar disability or pension plan or act
  - e. The Canada Old Age Security Act
  - f. Any Workers' Compensation or Occupational Disease Act or Law, or any other law that provides compensation for an occupational injury or sickness
2. Retirement benefits paid under the Social Security Act, including any amounts for which your dependents may qualify because of your retirement
  3. Retirement and disability benefits paid under a retirement plan provided by UT System except for amounts attributable to your contributions
  4. Disability benefits paid under any No-Fault Auto Motor Vehicle coverage

5. Amounts received from a third party (after subtracting attorney's fees) by judgment, settlement or otherwise, not to exceed 50% of the net settlement
6. Any Public Employee Retirement System Plan or any State Teachers' Retirement System Plan or any plan provided as an alternative to any of the above acts or plans

## WORK INCENTIVE

This benefit provides partially disabled employees who are working with the full monthly benefit amount, not to exceed 100% of the pre-disability earnings when combined with current earnings, for up to 24 months. After 24 months, the benefit will be based on a proportional loss of earnings.

## TRIAL WORK DAYS

If you are receiving disability benefits and you return full time, the plan allows you to attempt to return to work without having to start a new elimination period. You may attempt to return to work for up to 6 months.

If you were able to return to work for more than 6 months and become disabled again, the disability will be treated as a new disability and will be subject to a new elimination period, maximum period payable and any policy provisions in effect on the date the disability recurs.

## SURVIVOR INCOME BENEFIT

If you die while you are receiving disability benefits and received benefits for 12 or more consecutive months, we will pay a benefit to your eligible survivor. The benefit will be equal to 3 times the last monthly benefit you received.

## WORKSITE MODIFICATION

We will assist you and UT System in identifying modifications that are likely to help you remain at work or return to work.

## CONVERSION

The conversion privilege allows you to convert your LTD insurance coverage to an individual policy if your coverage terminates.

## ACCIDENTAL DISMEMBERMENT BENEFIT

If you suffer paralysis or a loss of hand, foot, sight or thumb and index finger on the same hand due to an accidental injury, we will pay a monthly benefit. The benefit will be 60% of your monthly earnings minus any deductible sources of income. You do not have to be disabled in order to receive this benefit. Please refer to the benefit book for a list of losses and number of monthly benefit payments.

### CATASTROPHIC DISABILITY BENEFIT

If you are not working and catastrophically disabled due to illness or injury, this benefit provides an additional monthly benefit while you are receiving monthly LTD benefits or accidental dismemberment benefits. A catastrophic disability is one that either prevents you from being able to perform at least 2 of the activities of daily living without the assistance/supervision of another person or renders you cognitively impaired. This benefit is 10% of your pre-disability monthly earnings up to a maximum of \$5,000.

### CAREGIVER RESPITE

If you are receiving the catastrophic disability benefit, we may pay a caregiver respite benefit for each day of an informal caregiver's respite intervals. The benefit is payable for medically necessary companion care you receive during the caregiver's respite.

### CAREGIVER TRAINING

As part of the catastrophic disability benefit, we may also pay a benefit if your informal caregiver incurs expenses to be trained to provide informal home care to you during your disability. This benefit will pay a maximum of \$500.

### EMERGENCY ALERT SYSTEM

While you are receiving catastrophic disability benefits, we may reimburse you the cost of renting or leasing an emergency alert system that allows you to remain in your home alone. In order to qualify for this benefit, the system must be medically necessary and your condition is such that you cannot be left alone unless you have an alert system. The benefit is limited to \$25 per month.

### EXCLUSIONS AND LIMITATIONS

The plan does not cover any loss or disability caused by, resulting from, arising out of or substantially contributed to, directly or indirectly, by any one or more of the following:

1. a pre-existing condition
2. commission of, participation in or an attempt to commit an assault or felony, including participation in a riot
3. intentionally self-inflicted injuries
4. attempted suicide, regardless of mental capacity
5. participation in a war, declared or undeclared, or any act of war

During a period of LTD, the plan has limitations on:

- Mental disorders—disability beyond 24 months after the elimination period if it is due to a mental disorder of any type. Confinement in a hospital or institution licensed to provide care and treatment for mental illness will not be counted as part of the 24-month limit.
- Substance Abuse—a substance abuse (drug or alcohol) related disability unless you are participating in a substance abuse treatment program approved by the State where the treatment program is provided. The cost of the treatment program must be borne by you or another group plan of UT System (such as a group health plan or Employee Assistance Program) if one is available and covers this type of treatment.

Except as specifically stated above, in no event will LTD monthly benefits for a mental disorder or substance abuse be paid beyond the earliest of the date:

1. 24 LTD monthly benefit payments have been made; or
2. the maximum period payable is reached; or
3. you refuse to participate in an appropriate, available treatment program, or you leave the treatment program before completion; or
4. you are no longer following the requirements of your treatment plan under the program; or
5. you complete the initial treatment plan, exclusive of any aftercare or follow-up services.

The lifetime cumulative maximum period payable for all disabilities due to a mental disorder and substance abuse is 24 months. Only 24 months of benefits will be paid for any combination of such disabilities, even if the disabilities are not continuous and/or are not related.