

## LTDI Program Outline

- Participating MainePERS employers must offer the program to all employees who are MainePERS members
  - Employer may offer the MainePERS LTDI Program, or
  - Employer may offer an LTDI program through another provider
- Benefit percent is 59% or 66.67% of compensation, depending on disability benefit
- Variable core maximum monthly benefit, from \$0 to \$8000 in thousand dollar increments
- Core maximum monthly benefit determined and paid for by employer, may be bargained
- Employees may opt-out of the program if core maximum monthly benefit is \$0
- Buy-up benefit available, paid by employee
- Employee premiums to be paid through payroll deduction, post-tax so that the portion of the benefit contributed by the employee is not taxable
- Eligibility
  - Unable to perform material and substantial duties of employee's own occupation in first two years
  - Unable to perform material and substantial duties of any gainful occupation after two years
- No waiting period for employees actively at work
- Employee must apply for Social Security disability if covered by Social Security
- Elimination period is the later of 180 days of disability or the date the member exhausts short term disability days
- An employee may apply before elimination period ends
- Employee receives service credit while on LTDI
- Benefit payments continue if employee's employment is terminated
- Work Incentive Benefit
  - Benefit is not reduced for RTW earnings for the first 12 months unless the sum of RTW earnings and the benefit exceeds 100% of pre-disability earnings
  - After 12 months, the benefit will be offset according to a proportionate loss formula in which the deduction to the benefit is proportionate to the employee's RTW earnings ratio
- Benefit Offsets
  - MainePERS disability or service retirement, Social Security awards, workers' compensation, sick pay, etc.
- Disabilities due to mental illness and/or drug and alcohol abuse are limited to a lifetime maximum of 24 monthly benefit payments
- Survivor benefit equal to three times the gross monthly benefit amount payable if employee received at least 12 monthly benefit payments prior to the date of death
- Benefit ends when employee is no longer eligible for coverage under the plan, qualifies for a disability retirement benefit, or qualifies for an unreduced service retirement benefit
- A retroactive disability retirement benefit will be offset by any LTDI benefit

## Follow Up

- Is a \$0 core maximum monthly benefit feasible for insurers?
- Estimated number of employees that would qualify for LTDI annually and average length of benefit?
- Is there a qualifying impairment list?
- How are benefits coordinated (sick leave, STDI, workers' compensation, SSDI, etc.)?
- How is an employee paid STDI or LTDI plan impacted?
- Impact on benefit of other income?