

## *Booklet 8*

# **CIGNA Long Term Disability Insurance**

Although these benefit descriptions include certain key features and brief summaries of King County regular employee and part-time Local 587 benefit plans, they are not detailed descriptions. If you have questions about specific plan details, contact the plan or Benefits and Retirement Operations. We've made every attempt to ensure the accuracy of this information. However, if there is any discrepancy between the benefit descriptions and the insurance contracts or other legal documents, the legal documents will always govern. King County intends to continue benefit plans indefinitely, but reserves the right to amend or terminate them at any time in whole or in part, for any reason, according to the amendment and termination procedures described in the legal documents. King County, as plan administrator, has the sole discretionary authority to determine eligibility for benefits and to construe the terms of the plans. This information does not create a contract of employment between King County and any employee.

**Call 206-684-1556 for alternate formats.**



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## Overview

### ► Highlights of CIGNA LTD Insurance

Long term disability insurance is only available to regular employees and part-time Local 587 employees in Plan 2 or Plan 3; it is not available to employees in part-time Local 587 employee Plan 1. Here are a few highlights of the plan:

- Basic and enhanced LTD insurance is provided by CIGNA
- You automatically receive basic LTD insurance paid by the county; if a physical disease, injury, pregnancy or mental disorder forces you to stop working for an extended period, you may be eligible for a monthly benefit after a benefit waiting period
- You may purchase additional (“enhanced”) LTD insurance for yourself; enhanced LTD coverage does not provide additional benefits, but increases the maximum monthly benefit payable and shortens the benefit waiting period
- LTD coverage is not available for family members
- You have the option to continue LTD insurance when you leave county employment.

### ► Important Facts

Many important topics - including laws, regulations and county provisions - affect more than just this plan and can change frequently. To be more efficient, and avoid repetition, the following related information appears only in the Important Facts booklet:

- Who’s eligible for coverage
- How to enroll
- When coverage begins
- Changes you can make to your coverage
- When coverage ends and the options for continuing it after you leave employment
- What happens to coverage in different situations
- Your rights and responsibilities under the plans.

## Cost

### ► Basic LTD

The county pays the entire cost of basic LTD insurance for regular employees and part-time Local 587 employees in Plan 2 or 3. Basic LTD is not available to part-time Local 587 employees in Plan 1.

### ► Enhanced LTD

If you are eligible and elect enhanced LTD insurance, you pay a monthly premium determined by your covered earnings (regular and full-time Local 587 employees) or a fixed amount (part-time Local 587 employees in Plan 2 or 3; enhanced LTD is not available if you are in Plan 1). You pay your monthly premiums through payroll deduction.

See the latest new hire guides and open enrollment materials for information about the monthly cost of coverage.

## Defining Disability

You become eligible for LTD benefits when you meet the plan’s definition of disability. Disability occurs if, solely due to injury or illness you are unable to perform all the material duties of your regular occupation and are unable to earn more than 80% of your indexed covered earnings from working in your regular occupation (see Glossary booklet for definition of “indexed covered earnings”).

Once you have been receiving LTD benefits for 24 months, you are considered disabled if your injury or illness makes you unable to perform the material duties of **any** occupation for which you could reasonably become qualified (based on education, training or experience) and, solely due to injury or illness, you remain unable to earn more than 80% of your indexed covered earnings.

## How the Plan Works

Generally, here's how your LTD coverage works (see other sections in this booklet for specific details):

- If you become disabled (on or off the job) and meet the definition of disability, LTD benefits begin after your paid sick leave is exhausted or the benefit waiting period ends, whichever is later
- If you work reduced hours (less than the hours necessary to earn 80% of your indexed covered earnings) and meet the definition of disability, your LTD benefits subsidize your reduced earnings
- The plan pays monthly benefits while you remain disabled to age 65; actual duration depends on when the disability begins
- Separate periods of disability due to the same or related causes are considered continuous unless you return to work for more than six consecutive months; separate periods of disability due to unrelated causes or that occur after your plan coverage ends are not considered continuous
- For disability caused by a mental disorder, or drug or alcohol abuse, benefits may be limited to 24 months
- If your disability begins after you reach age 61, your maximum benefit period depends on your age
- If you become disabled, you also may be eligible to receive benefits from a number of other sources, such as Social Security, retirement and workers' compensation; if so, your LTD benefits are reduced by the amount you receive from these other sources
- Any benefits you receive from an individual disability insurance policy do not reduce the benefits you receive from your county LTD insurance.

## Amount of Coverage

Your LTD insurance supplements other income to provide a total of up to 60% of your predisability earnings. If you return to work during or after your disability, that amount can be as much as 100%. See "Return-to-Work Incentive."

Your predisability earnings are based on your earnings in effect on your last full day of active work.

- The minimum monthly benefit is \$100 or 10% of your gross monthly benefit, whichever is greater
- For basic LTD coverage, the maximum monthly benefit is \$6,000
- If you elect enhanced LTD coverage, your maximum is \$7,200.

## Calculating Your Benefits

To estimate your LTD monthly benefits, use this formula:

$$(\text{Predisability Earnings} \times .60) - \text{Other Income Benefits} = \text{Your Monthly Total Benefit}$$

Your base monthly salary on your last day worked (your salary excluding overtime pay, premium, bonuses or other extra compensation and taxes) determines your predisability earnings. If your predisability earnings are \$2,500 a month and you receive \$500 a month from other income sources, your LTD monthly benefits are  $(\$2,500 \times .60) = \$1,500 - \$500 = \$1,000$ . (For help calculating your disability benefits, contact CIGNA; see Resource Directory booklet.)

After 12 months (and every 12 months while you remain eligible for the benefit), your predisability earnings are increased by the rate of the Consumer Price Index (CPI-W) for the previous calendar year or 10% (whichever is less) and your monthly total benefit is recalculated.

**Taxes.** LTD benefits are taxable unless you elect enhanced LTD. If you elect enhanced LTD, you receive 34% of your total benefit amount tax-free; the remainder is taxable.

## **Return-to-Work Incentive**

This plan encourages you to return to work during and after your disability:

- If you work while disabled during the first 12 months that you're eligible for an LTD benefit, you receive your LTD benefit plus your work earnings, up to 100% of your predisability earnings
- If you work while disabled after the first 12 months, you receive your LTD benefit plus a portion of your work earnings, up to a combined total of 80% of your indexed covered earnings amount.

(Work earnings equal your gross monthly earnings from work you perform while disabled, including earnings from the county, another employer or self-employment.)

## **Other Income Benefits**

If you are disabled and eligible, you should apply for benefits from the income sources listed below. If you don't apply, CIGNA will estimate your benefit from these other sources and deduct it from your county LTD benefit.

- The Canada and Quebec Pension Plans
- The Railroad Retirement Act
- Any local, state, provincial or federal government disability or retirement plan or law as it pertains to the county
- Any sick leave plan or other salary continuation plan of the county
- Any work loss provision in mandatory no-fault auto insurance
- Disability benefits under any workers' compensation, occupational disease, unemployment compensation law or similar federal, state or local government program, including all permanent as well as temporary disability benefits; this includes damages, compromises or settlements paid in place of such benefits, whether or not liability is admitted
- Any Social Security disability benefits you or a third party receives (or is assumed to receive) on your behalf or for your dependents or, if applicable, which your dependents receive (or are assumed to receive) because of your entitlement to Social Security benefits (see "Coordination with Social Security" in this booklet)
- Any retirement plan benefits funded by the county
- Any proceeds payable under any franchise or group insurance or similar plan
- Any amounts paid on account of loss of earnings or earning capacity through settlement, judgment, arbitration or otherwise, where a third party may be liable regardless of whether liability is determined
- Any wage or salary for work performed; if you're covered for the return-to-work incentive, CIGNA will reduce disability benefits only to the extent stated under the return-to-work incentive above.

When you or your dependents receive benefits from other income sources, CIGNA notifies you of the amount of any overpayment; you must repay CIGNA in full before receiving county LTD benefits.

## **Exclusions and Limitations**

No LTD benefit is payable for a disability caused by or contributed to by:

- War or any act of war (declared or undeclared)
- Suicide, attempted suicide or intentional self-inflicted injury
- Revocation, restriction or non-renewal of your license, permit or certification necessary to perform the duties of your occupation unless solely due to injury or illness
- Terrorism or active participation in a riot
- Committing or attempting to commit a felony
- Failure to cooperate with CIGNA in administering of the claim
- Refusal to participate in rehabilitation efforts or in a transitional or other modified work arrangement
- Not receiving appropriate care.

No LTD benefits are paid for any period of disability when you are not under the ongoing care of a licensed physician.

## ► **Mental Disorder or Drug/Alcohol Abuse**

Payment of LTD benefits is limited to 24 months for each period of continuous disability caused or contributed to by a mental disorder or drug/alcohol abuse. However, if you are confined in a hospital at the end of the 24 months, this limit will not apply while you are continuously confined for 14 days or more. (See Glossary booklet for definitions of mental disorder, drug/alcohol abuse and hospital.)

## ► **Preexisting Conditions**

A preexisting condition means a mental or physical condition for which, during the three months before your coverage begins, you've:

- Consulted a licensed physician
- Received medical treatment or services, or
- Taken prescribed drugs or medications.

You will not receive LTD benefits for a disability caused or contributed to by a preexisting condition unless, on the day you become disabled, you've been continuously covered under a county plan for at least 12 months and actively at work for at least one full day after those 12 months. (A new LTD plan was implemented January 1, 2003. If you were covered under the previous plan but did not fully satisfy the preexisting condition limitation of 12 months, you will be credited for any time you were covered.)

## **When You Receive Benefits**

You may be eligible to receive LTD benefits if you:

- Remain disabled for the benefit waiting period
- Provide proof of continued disability, and
- Have regular, continuing care by a licensed physician for the disabling condition.

After CIGNA receives and accepts proof of your disability, benefits are paid monthly. If you are not disabled for a complete month, an amount equal to 1/30 of the LTD benefit is payable for each day of the disability.

For basic LTD, benefit payments begin after a 180-day waiting period and all payments are subject to federal income tax. If you elect enhanced LTD, benefit payments begin after a 90-day waiting period and 34% of your payments are tax-free; however, FICA is deducted between 90 and 180 days.

## ► **Premium Payment While Disabled**

You must pay the LTD premium during the waiting period.

## ► **Duration of Benefits**

Your monthly LTD benefit ends on the earliest of the date:

- You are no longer disabled
- You die
- You do not provide proof of continued disability as requested
- Your disability earnings exceed 80% of indexed covered earnings
- Your disability due to a mental disorder exceeds 24 months and you are not confined to a hospital at the end of 24 months, or you are not continuously confined for 14 days or more
- You cease to be under the care of a licensed physician
- You refuse to participate in rehabilitation services
- You are no longer receiving appropriate care
- You reach your maximum benefit period, as shown in the table on the following page.

If your disability begins at this age ...	Your maximum benefit period is ...
Age 61 or younger	To age 65 (or for 42 months, if longer)
Age 62	42 months
Age 63	36 months
Age 64	30 months
Age 65	24 months
Age 66	21 months
Age 67	18 months
Age 68	15 months
Age 69 and older	12 months

Disability payments do not end if you end employment, as long as you continue to be disabled. Benefits continue through your maximum benefit period.

## Coordination with Social Security

If you are disabled, you may be entitled to Social Security disability benefits. Because the amount of your LTD benefit is affected in part by Social Security benefits, you must apply for Social Security and provide CIGNA with proof of your application.

## Survivor Benefit

If you die while receiving LTD benefits, a lump sum equal to three times your last net monthly benefit plus any other earnings by which this benefit has been reduced is paid to your designated beneficiary(ies). This survivor benefit will first be applied to reduce any overpayment of your LTD claim.

If you do not have a named beneficiary, CIGNA pays your surviving spouse. If there is no spouse, benefits are paid in equal shares to your eligible unmarried children. If you do not have a spouse or eligible children, CIGNA pays your estate. Benefits are not paid to a domestic partner unless he or she is specifically named as the beneficiary.

## Filing a Claim

If you are disabled and it seems likely your disability will last for the duration of the benefit waiting period, contact CIGNA by phone or through their website (see the Resource Directory booklet). You can submit a claim by phone, paper claim form or online claim form.

When you submit a claim you need to provide:

- Your name, address, phone number, birth date, Social Security number and email address (if applicable)
- The reason you're filing the claim (illness, injury or pregnancy) and whether you have filed or plan to file a workers' compensation claim
- A description of your illness, symptoms and/or diagnosis, including the date symptoms first appeared and whether you had the illness or symptoms before
- Information regarding any visits you have made to a doctor, hospital or clinic for this claim, including health care provider names, addresses, phone and fax numbers
- Employment information (including hire date, job title and job description) and details on any benefits you are receiving from Social Security, unemployment, state disability or other sources.

You'll also need to contact your health care providers to give them permission to release your medical information to CIGNA. In response, CIGNA may send you or your attending physician (with your authorization) a request for more information. No claim is payable until CIGNA approves it.

To determine whether LTD benefits should be allowed or continued, CIGNA has the right, at their own expense, to have you examined at reasonable intervals by specialists of CIGNA's choice. If an independent medical exam is requested, CIGNA pays for it. However, any cost for routine updates on your condition is your responsibility.

CIGNA processes your claim within 45 days of receipt. If CIGNA requires more time, you'll be notified in writing before the end of the initial 45 days of the need for an extension of up to 30 days. If your claim cannot be processed during this initial 30-day extension, you will be notified in writing that a second extension of up to 30 days is necessary.

## **Appealing Denied Claims**

### **► Claims Denied for Reasons Other Than Eligibility**

When a claim is denied for any reason other than eligibility, follow the steps described in this section. However, when a claim is denied for eligibility reasons, follow the steps described in the next section, "Claims Denied Due to Eligibility."

If your claim is denied, you'll be notified in writing of the reasons for the denial, your right to appeal and your right to obtain copies of all documents related to your claim that were reviewed by CIGNA in making the determination.

If you disagree with the claim denial, you or your representative (referred to as "you" in the rest of this section) may attempt to resolve any misunderstanding by calling CIGNA and providing additional details. If you prefer to communicate in writing or are unable to resolve the issue with a phone call, you may file a written appeal. You have 180 days after receiving the claim denial notice to file a written appeal. Be sure to include the reasons for your appeal and any information or documentation helpful in reviewing your claim.

CIGNA will review the written appeal and notify you of its decision within 45 days after receiving your appeal. If CIGNA requires additional time, you'll be notified in writing that an additional period of up to 45 days is necessary.

CIGNA will give you a written decision and explain the specific plan provisions behind the denial (if applicable).

CIGNA has sole discretionary authority to determine payment of LTD benefits; its decision is final and binding. In reviewing your claim, CIGNA applies the plan terms and uses its discretion in interpreting plan terms. Benefits are paid only if you meet the eligibility and participation requirements and CIGNA determines you're entitled to the benefits.

If your appeal is denied, you may pursue legal remedies, but you must exhaust this claim appeal process first. If legal action is taken, the suit must be filed within two years after the event the claim is based on or you forfeit your right to legal action. If you do not file a claim or appeal within the specified period, you forfeit the right to further appeal.

### **► Claims Denied Due to Eligibility**

If you have eligibility questions or believe you've had a claim denied because the plan indicates you are not covered, call Benefits and Retirement Operations at 206-684-1556. A staff member may be able to resolve the eligibility issue, eliminating the need to file a formal appeal.

If you'd rather communicate in writing or your eligibility issue can't be resolved with a phone call, you, your beneficiary or representative (referred to as "you" in the rest of this section) may file a written appeal. You have

180 days after receiving an eligibility determination notice (from the county or the plan) to submit a written appeal. It must include:

- Your name and address
- Hire letter or job announcement, or retirement determination of eligibility
- Your employee ID (as it appears on your pay stub) or Social Security number
- Reason for the appeal.

Send eligibility appeals to:

King County Benefits and Retirement Operations  
Exchange Building EXC-ES-0300  
821 Second Avenue  
Seattle WA 98104-1598

A Benefits and Retirement Operations staff member will review your appeal and notify you in writing of the eligibility determination within 20 days. If additional time is required, you will be notified in writing that an additional period of up to 20 days is necessary.

If your eligibility appeal is denied, the notice will include the plan provision behind the decision and advise you of your right to obtain free copies of relevant documentation.

Benefits and Retirement Operations has sole discretionary authority to determine benefit eligibility under this plan; its decision is final and binding. In reviewing your claim, Benefits and Retirement Operations applies the plan terms and uses its discretion in interpreting plan terms. Benefits are paid only if you meet the eligibility and participation requirements and Benefits and Retirement Operations determines you're entitled to the benefits.

If you believe your appeal was denied because relevant information or documents were not considered, Benefits and Retirement Operations offers the option of filing an appeal addendum within 60 days after receiving the eligibility appeal denial notice. The addendum must include the relevant information or documents. Send eligibility appeal addenda to the same address for eligibility appeals, but to the attention of the Benefits and Retirement Operations Manager.

The manager will review the additional information you provide, consult with appropriate county personnel and notify you in writing of the eligibility determination. The notice will indicate the specific plan provision behind the decision and advise you of your right to obtain free copies of related documentation.

It is the manager's exclusive right to interpret and apply the eligibility terms and exercise discretion to resolve all eligibility questions for county employees. Decisions of the manager are final and binding.

If you disagree with your eligibility appeal determination, you may file a grievance with your union or initiate legal action. Any legal action must be within two years of the date you were denied plan participation, or you forfeit your right to legal action.

## **Converting Your Coverage**

If you leave county employment and have been covered under the LTD plan for at least 12 consecutive months, you may be eligible to buy LTD conversion insurance with CIGNA. Benefits will differ from the county plan's benefits. You must apply in writing and pay the first premium within 31 days after this LTD insurance ends.

For information about converting your coverage, contact CIGNA (see the Resource Directory booklet).

## **Payment of Benefits**

The benefits offered by this plan are insured by CIGNA Group Insurance, meaning this is not a self-funded plan.