

DST POLICIES AND PROCEDURES

DST Reference:	SHP-POL-3007-SHP
Title:	Extended Short-Term and Long-Term Disability Policy
Chapter:	Operations
Current Effective Date:	March 5, 2021
Original Effective Date:	May 19, 2017

Applies to: NC Department of State Treasurer – State Health Plan Division

Keywords: Short-term, Extended, Long-term, Retroactive, Disability

Background

State Health Plan (Plan) eligibility and enrollment rules are set forth in statute N.C. Gen. § 135-48.40.

Short-term disability benefits are available for up to 365 days after a 60-day waiting period if all Disability Income Plan of North Carolina (DIPNC) eligibility requirements are met. Short-term disability benefits are paid by the employer, and disabled subscribers continue to be carried on the Plan by the employer, provided the employee pays an applicable employee premium.

If a subscriber continues to be disabled, and the disability is not expected to be permanent, the disabled subscriber may apply to the State Retirement Systems Division (SRS) for extended short-term benefits under DIPNC.

If a disability is expected to be permanent, the disabled subscriber may apply to SRS for long-term disability benefits under DIPNC.

Extended short-term and long-term disability benefits are provided by SRS. The effective date for eligibility for Plan coverage is based on the effective date for extended short-term or long-term disability benefits.

Purpose

The purpose of this policy is to outline the enrollment rules for subscribers eligible for Plan benefits under Disability Income Plan of North Carolina (DIPNC).

Policy

When short-term disability benefits are approved through the active employing unit, Plan benefits will continue to be provided under that employing unit, provided the employee pays an applicable employee premium to the employing unit (see also 20 NCAC 12 .0101(c), SHP Rule on Arrears). Once the disabled subscriber is no longer eligible for short-term disability benefits, he or she must return to active work status or Plan coverage under the active employing unit will be terminated by the employing unit. This is a COBRA-eligible termination.

To ensure there is no gap between short-term disability and extended short-term or long-term disability, subscribers may elect COBRA. If the active employing unit continues to carry the disabled subscriber beyond their eligibility period for short-term disability benefits, pending an outcome of their application to DIPNC for extended short-term or long-term disability benefits, the subscriber will not be retroactively terminated,

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and premiums will not be refunded to the employing unit once the extended short-term or long-term disability is approved.

Should extended short-term or long-term disability benefit approval be made for retroactive disability benefits, Plan benefits will be activated the first day of the month following the disability effective date. The disabled subscriber would be responsible for any applicable retroactive premiums. If approval is prospective and on or before the 14th of a month, then Plan benefits will be activated the first day of the approval month following the approval. If approval is after the 14th of a month, Plan benefits will be activated the first day of the second month following the approval.

Example 1: Short-Term Disability (STD) Subscriber approved prospectively for extended STD, employing unit process timely termination.

Active Subscriber: STD eligibility ends on 10/13/2022
Extended STD: Approved on 10/15/2022 for a 10/14/2022 effective date
Employing Unit: Processes subscriber's 10/31/2022 termination from employing unit on 10/15/2022
Result: Subscriber auto-enrolls into health benefit coverage under SRS with an 11/1/2022 effective date

Example 2: STD Subscriber approved prospectively for extended STD, employing unit processes termination late.

Active Subscriber: STD eligibility ends on 10/13/2022
Extended STD: Approved on 10/15/2022 for a 10/14/2022 effective date
Employing Unit: Attempts to process subscriber's 10/31/2022 termination from employing unit on 12/15/2022 but Plan termination rules prevent retroactive termination and an 11/30/2022 termination date is applied
Result: Subscriber auto-enrolls into health benefit coverage under SRS with a 12/1/2022 effective date

Example 3: STD Subscriber approved retroactively for Long-Term Disability (LTD), employing unit processes timely termination.

Active Subscriber: STD eligibility ends on 10/16/2022
LTD: Approved on 4/10/2023 for a 10/17/2022 effective date
Employing Unit: Processes subscriber's 10/31/2022 termination from employing unit coverage on 10/15/2022*
Result: Subscriber auto-enrolls into health benefit coverage under SRS with an 11/1/2022 effective date

****Subscriber should elect COBRA to avoid a gap in coverage. The Plan will support a retroactive cancellation of COBRA in this scenario.***

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Example 4: STD Subscriber approved retroactively for LTD, employing unit does not process termination until extended LTD is approved.

Active Subscriber: STD eligibility ends on 10/16/2022
LTD: Approved on 4/10/2023 for a 10/17/2022 effective date
Employing Unit: Attempts to process subscriber's 10/31/2022 termination from employing unit on 4/15/23 but because of Plan termination rules, a 3/31/2023 termination date is applied
Result: Subscriber auto-enrolls into health benefit coverage under SRS with a 4/1/2023 effective date

Nature of the Policy

The Policy serves as a nonbinding interpretative statement, within the delegated authority of the Department of State Treasurer that defines, interprets, or explains the meaning of the laws and/or regulations listed above. Those laws or regulations, not this Policy, shall take priority if they conflict in any way.

Roles and Responsibilities

1. Health Benefits Representative (HBR) – An employee of the employing unit through which the disabled subscriber is enrolled. The HBR is responsible for ensuring disabled subscribers are aware of the need to file DIPNC application(s) for extended short-term or long-term benefits before their short-term disability period ends. Transmits termination of short-term disability eligibility in accordance with requirements that will end Plan benefits under employing unit and generates COBRA eligibility notice.
2. State Retirement Systems Division – Reviews all DIPNC applications and determines approval or denial, which is then communicated back to the applicant. Transmit approval shell to Plan Enrollment & Eligibility Vendor for enrollment into Plan benefits under SRS.

Enforcement

This policy may be modified at any time by the Plan's Executive Administrator.

Related Statutes, Rules, and Policies

1. North Carolina General Statutes Chapter 135, Article 3B and Article 6
2. N.C.G.S. § 135-48.41(d)
3. SHP Rule on Arrears, 20 NCAC 12 .0101(c) (previously SHP-POL-3005-MUL)

Revision/Review History

Version	Date Approved	Description of Changes
1.0	5/19/2017	New Policy
2.0	3/5/2021	Updated terms, clarified timing, responsibilities, and Plan actions

For questions or clarification on any of the information contained in this policy, please contact the policy owner or designated contact point: Sr. Director, Plan Integration, Caroline.Smart@nctreasurer.com. For general questions about department-wide policies and procedures, contact the [DST Policy Coordinator](#).

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