



**State of Delaware  
Executive Department  
Office of Management and Budget**

**MEMORANDUM**

TO: School Business Chiefs, Charter School Business Chiefs, Higher Education Business Chiefs, Department of Education HR Administrators, Managers, Benefits and Payroll Representatives

FROM: Leslie Ramsey, Disability Insurance Program Administrator

DATE: September 3, 2014

RE: Disability Insurance Program (DIP) - STD Paying Process for Less Than Twelve Month Educational Employees Effective 2014/2015 School Year & *New Enabled* Coverage Certification Policy, Procedure & Form

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**This memorandum is applicable to all school districts, charter schools, Department of Education and the institutions of higher education that employ Less Than Twelve Month Educational employees.**

Since the beginning of the 2008/2009 school year, all school districts, charter schools, Department of Education and the institutions of higher education have been *manually* calculating STD benefits for “Less Than Twelve Month Educational Employees” based on the employee’s *contractual* working days in the school year. Effective immediately with the onset of the current 2014/2015 school year, The Hartford, rather than the educational organizations, will be calculating and providing the *contractual* Net Benefit Amount on the Explanation of Benefits (EOB’s) statements for Less Than Twelve Month Educational Employees. The purpose of this memorandum is to address how The Hartford’s claim system will be accomplishing this task.

**Current Formula for Calculating STD Benefit Payments for Less Than 12 Month Educational Employees:**

1. Upon the exhaustion of the 30 calendar day elimination period, a “days worked adjustment” is calculated to pay the employee all of their deferred time earned since the start of the school year but has not been paid as of the 31<sup>st</sup> calendar day of disability. After the days adjustment has been calculated, all future payments while on approved STD are made on a pay cycle to pay cycle basis contingent upon the number of school calendar work days in each cycle.



**Statewide Benefits Office**

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2. As of the 31<sup>st</sup> calendar day of disability, the daily STD benefit is calculated by dividing the employee's annual contractual compensation by the number of days in the employee's contract.
3. Multiply the employee's calculated daily rate by the 75% STD benefit to determine the employee's daily STD benefit.
4. Multiply the employee's daily STD benefit by the number of work days approved by The Hartford (reflected on the Explanation of Benefits (EOB) statement emailed to your employing organization by The Hartford) in that pay period in accordance with your employing organization's school calendar.
5. If the employee is using sick and/or annual time to supplement to 100% of pre-disability salary, quarter days are charged against actual days for that employee for that pay cycle. The amount of pay received for the quarter of a day should be the calculated daily rate multiplied by the number of contracted days multiplied by 25%.

Example:

- A. Contractual Salary/Contracted Days in school year = Daily Rate
- B. Daily Rate multiplied by 75% multiplied by the number of STD Work Days = Total STD Benefit Payment per pay period.

Calculation

Annual salary:	\$52,000
Contracted Work Days:	188 Days
STD benefit Period:	10 Work Days (after the elimination period)
Daily Rate:	$\$52,000/188 \text{ days} = \$276.60$
STD Benefit Payment/Pay Period:	$\$276.60 \times 75\% \text{ STD Percentage} \times 10 = \mathbf{\$2,074.50}$

***New Method Hartford will use to calculate the Contractual Net Benefit Amount reflected on EOB's for Less Than Twelve Month Educational Employees using a new Enabled Coverage Certification form.***

***New Enabled Coverage Certification Form***

A new enabled Coverage Certification form (attached) has been created and must utilized by all school districts, charter schools, Department of Education and the institutions of higher education who have Less Than Twelve Month Employees who file or will file an STD claim with The Hartford as of the current 2014/2015 school year. Until further notice, the current Coverage Certification form will continue to be distributed via email by The Hartford automatically to your offices. Please refer to the attached policy for details on how to complete and submit the *new* enabled Coverage Certification form, posted on the Statewide Benefits Office Secure Benefits Representative website. By completing this new form, The Hartford will calculate the correct bi-weekly STD benefit as shown below.

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<u>Example:</u>	<u>22 Pay Employee</u>
Salary Amount Provided by State*:	\$ 4,333.33
Annualized Salary by Claim System	\$52,000.00
Contract Work Days:	188 (Provided by Employing Organization)
Converted to Weekly**:	\$ 1,382.98
Converted to Bi-Weekly:	\$ 2,765.96
75% Bi-Weekly STD Benefit***:	\$ 2,074.47

Please be advised that there may be slight differences in the contractual Net Benefit Amount reflected on the EOB due to rounding.

\*Monthly salary amounts including applicable hazardous duty levels are provided electronically to The Hartford on a bi-weekly basis.

\*\* A manual adjustment will be completed by The Hartford's Claim Analyst for the conversion to weekly.  $\$52,000/188 = \$276.60 \times 5 \text{ work days} = \$1,382.98$ .

\*\*\* Bi-Weekly STD approved period will continue to match the PHRST System Schedule.

#### **Additional Considerations**

- Pursuant to 29 Del.C. §5253 (b)(1), "The elimination period must commence and conclude within normal working periods for employees who work less than 12 months per calendar year."
- When an employee is receiving Workers' Compensation (WC) benefits and their STD claim is in an approved status, the days adjustment should be calculated as of the 90<sup>th</sup> calendar day rather than as of the 30<sup>th</sup> calendar day.
- With respect to the Residual (Partial) Disability benefit, the employing organization must calculate the employee's "Current Weekly Earnings" and provide the amount directly to The Hartford. The remaining data needed to complete the formula is provided to The Hartford on the bi-weekly electronic enrollment file. The Residual Disability formula is referenced below:

$$\text{Weekly Benefit} = ((A - B) / A) \times C$$

Where

**A** = Employee's pre-disability Weekly Earnings.

**B** = Employee's Current Weekly Earnings.

**C** = The Weekly Benefit payable if the employee develops a Total Disability

- Less Than Twelve Month Educational Employees filing STD claims should be referred to Section 7.0 of the Disability Insurance Program Rules & Regulations posted on the Statewide Benefits Office website at <http://ben.omb.delaware.gov/disability/documents/rules-regulations.pdf?ver=0301>) for information regarding the payment of STD benefits.
- To further assist Less Than Twelve Month Educational Enrollees in understanding how STD benefits will be paid upon the onset of a disability during the school year or during a non-working period, please refer employees to the FAQ's posted to our website at <http://ben.omb.delaware.gov/disability/faq.shtml>.

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- The Hartford's claim system will continue to assume your employee will remain a 22-pay employee when the employee returns to work from STD leave. If it is your organization's policy to allow employees returning to work from STD leave to return to a 26-pay basis, please notify The Hartford directly in the event the employee experiences a recurrent disability.
- Although the electronic bi-weekly enrollment file captures each enrollee's current creditable compensation plus applicable hazardous duty level amounts, retroactive salary changes must be communicated directly to The Hartford by the employing organization, pursuant to 29 Del.C. § 5253 (b)(3), which states "Creditable compensation during periods an employee receives short-term disability benefits shall include general salary increases awarded or reductions in salary instituted during the period of short-term disability coverage".

A copy of this memorandum is posted on the Statewide Benefits Office Secure Benefits Representative website. Questions relating to this memo should be directed to the Statewide Benefits Office Customer Service Division at (302) 739-8331 or by email at [benefits@state.de.us](mailto:benefits@state.de.us).