

DST POLICIES AND PROCEDURES

DST Reference:	SHP-POL-3007-SHP
Title:	Extended Short-Term and Long-Term Disability Policy
Chapter:	Plan Integration
Current Effective Date:	July 29, 2022
Original Effective Date:	May 19, 2017

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

Keywords: COBRA, disability, extended, long-term, retroactive, short-term

Background

If a State employee becomes disabled while serving as a permanent employee under the Teachers' and State Employees' Retirement System (TSERS) or the Optional Retirement Program (ORP) and meets certain eligibility requirements, the Disability Income Plan of North Carolina (DIPNC), which is administered by the North Carolina Retirement Systems, provides monthly replacement income in the form of short-term, extended short-term, and long-term disability benefits. The employer pays for DIPNC coverage. Employees may be eligible for North Carolina State Health Plan (Plan) benefits under DIPNC.

Purpose

This policy outlines the enrollment requirements for subscribers who are eligible for Plan benefits under DIPNC.

Policy

Short-term disability benefits are available for up to 365 days after a 60-day waiting period if all DIPNC eligibility requirements are met (see DIPNC Benefits Handbook, TSERS, Retirement Handbooks). Short-term disability benefits are paid by the employer, and subscribers with a disability continue to be carried on the Plan by the employer, provided the employee pays an applicable employee premium.

Extended short-term and long-term disability benefits are provided by Retirement Systems Division (RSD). If a subscriber's disability continues beyond 365 days, but the disability is not expected to be permanent, the subscriber may apply to RSD for extended short-term benefits under DIPNC. If a disability is expected to be permanent, the subscriber may apply to RSD for long-term disability benefits under DIPNC. The date of eligibility for Plan coverage is based on the effective date for extended short-term or long-term disability benefits.

Roles and Responsibilities

Health Benefits Representative (HBR) – An employee of the employing unit through which the disabled subscriber is enrolled. The HBR shall ensure that 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. The HBR transmits termination of short-term disability eligibility in accordance with this policy's requirements to end Plan benefits under employing unit and generate a Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) eligibility notice.

Retirement Systems Division (RSD) – RSD's Disability Team reviews all DIPNC applications; approves or denies applications; and communicates that decision to the applicant subscriber. RSD's Payroll Team transmits the approval shell to the Plan's Enrollment & Eligibility Vendor for enrollment into Plan benefits under RSD.

DST Reference:	SHP-POL-3007-SHP	Page 1 of 3
Title:	Extended Short-Term and Long-Term Disability Policy	
Chapter:	Plan Integration	
Current Effective Date:	July 29, 2022	

DST POLICIES AND PROCEDURES

Implementation

When short-term disability benefits are approved through the active employing unit, Plan benefits will continue to be provided under that employing unit. The employee must pay an applicable employee premium to the employing unit (see 20 NCAC 12 .0101(c) the Plan's Rule on Arrears).

When the subscriber is no longer eligible for short-term disability benefits, Plan coverage under the active employing unit will be terminated by the employing unit unless the subscriber returns to active work status. If a subscriber's Plan coverage is terminated, the member is eligible for COBRA coverage.

To ensure no gap between short-term disability (STD) and extended short-term or long-term disability (LTD), subscribers may elect COBRA. If the active employing unit continues to carry the subscriber beyond the 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, and premiums will not be refunded to the employing unit once the extended short-term or long-term disability is approved.

If extended short-term or long-term disability benefits are approved for retroactive disability benefits, Plan benefits will be activated the first day of the month following the disability effective date. The disabled subscriber is responsible for any applicable retroactive premiums.

If approval is prospective and approval is finalized on or before the 14th of a month, then Plan benefits will be activated the first day of the month following the approval. If approval is prospective and approval is finalized on or after the 15th of a month, then Plan benefits will be activated the first day of the second month following the approval.

Example 1: STD Subscriber approved prospectively for extended STD or LTD, employing unit processes timely termination.

Active Subscriber: STD eligibility ends on 10/13/2023
Extended STD: Approved on 10/15/2023 for a 10/14/2023 effective date
Employing Unit: Processes subscriber's 10/31/2023 termination from employing unit on 10/15/2023
Result: Subscriber auto-enrolls into health benefit coverage under RSD with an 11/1/2023 effective date

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

Active Subscriber: STD eligibility ends on 10/13/2023
Extended STD: Approved on 10/15/2023 for a 10/14/2023 effective date
Employing Unit: Attempts to process subscriber's 10/31/2023 termination from employing unit on 12/15/2023 but Plan termination rules prevent retroactive termination and an 11/30/2023 termination date is applied
Result: Subscriber auto-enrolls into health benefit coverage under RDS with a 12/1/2023 effective date

Example 3: STD Subscriber approved retroactively for Extended STD or Long-Term Disability (LTD), employing

DST Reference:	SHP-POL-3007-SHP	Page 2 of 3
Title:	Extended Short-Term and Long-Term Disability Policy	
Chapter:	Plan Integration	
Current Effective Date:	July 29, 2022	

DST POLICIES AND PROCEDURES

unit processes timely termination.

Active Subscriber: STD eligibility ends on 10/16/2023
LTD: Approved on 4/10/2024 for a 10/17/2023 effective date
Employing Unit: Processes subscriber's 10/31/2023 termination from employing unit coverage on 10/15/2023
Result: Subscriber auto-enrolls into health benefit coverage under RSD with an 11/1/2023 effective date. If the member elected COBRA while waiting for LTD or Extended STD approval, the COBRA coverage will be terminated 11/1/2023 to allow for retro-active enrolment into the Retirement Systems coverage.

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

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

Active Subscriber: STD eligibility ends on 10/16/2023
LTD: Approved on 4/10/2024 for a 10/17/2023 effective date
Employing Unit: Attempts to process subscriber's 10/31/2023 termination from employing unit on 4/15/24 but because of Plan termination rules, a 3/31/2024 termination date is applied
Result: Subscriber auto-enrolls into health benefit coverage under RSD with a 4/1/2024 effective date

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. [SHP Rule on Arrears](#)
3. Disability Benefit Procedure [RSD-PRO-5002-RSD]

References

1. [DIPNC Benefits Handbook; TSERS Retirement Handbook](#)

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
2.1	7/29/2022	Clarifications, added relevant references to find DIPNC requirements, aligned with current policy format.

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](#).