

DST POLICIES AND PROCEDURES

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Title:	SHP Coverage – Extended Short-Term and Long-term Disability
Cross Reference:	
Chapter:	Operations
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Applies to: NC Department of State Treasurer – State Health Plan Division

Keywords: Short-term, Extended, Long-term, Retro-active, Disability

Background

State Health Plan (SHP) eligibility and enrollment rules are set forth in statute (NCGS §135-48-40).

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

If member continues to be disabled but disability is not expected to be permanent, disabled member may apply to State Retirement Systems Division (SRS) for Extended Short-term benefits under DIPNC. If disability is expected to be permanent, disabled member 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 SHP coverage is based upon the approval date for Extended Short-term or Long-term disability benefits, not the effective date of the disability coverage.

Purpose

The purpose of this policy is to outline the enrollment rules for members eligible for State Health Plan benefits under Disability Income Plan of NC (DIPNC).

Related Statutes, Rules, and Policies

1. *N.C.G.S. §135, Article 3B*
2. *N.C.G.S §135-48.41(d)*
3. *N.C.G.S. §135, Article 6*
4. *SHP-POL-3005-MUL*

DST Reference:	SHP-POL-3007-SHP	Page 1 of 4
Title:	SHP Coverage – Extended Short-Term and Long-Term Disability	
Cross reference		
Chapter:	Operations	
Current Effective Date:	5/19/2017	

DST POLICIES AND PROCEDURES

Policy

When short-term disability benefits are approved through the active employing unit, SHP benefits will continue to be provided under that employing unit, provided the employee pays an applicable employee premium to the employing unit (see also SHP-POL-3005-MUL Policy and Procedure on Arrears). Once the disabled member is no longer eligible for short-term disability benefits, he or she must return to active work status or his SHP coverage under the active employing unit **should** be terminated by the employing unit. This is a COBRA eligible termination.

To ensure there is no gap between short-term disability and extended or long-term disability, members may elect COBRA. If the active employing unit continues to carry the disabled member 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 member 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.

Should Extended Short-term or Long-term disability benefit approval be made for retro-active disability benefits, SHP benefits will be activated the first of the month of the SRS approval date. If approval is prospective and on or before the 14th of a month, then SHP benefits will be activated the first of the approval month following the approval. If approval is after the 14th of a month, SHP benefits will be activated the first of the second month following the approval.

Example 1: STD Member approved prospectively for extended STD, employing unit process timely termination.

Active Member: STD eligibility ends on 10/31/17
Extended STD: Approved on 10/15/17 for an 11/1/17 effective date
Employing Unit: Processes member's 10/31/17 termination from employing unit on 10/15/17
Result: Member auto-enrolls into health benefit coverage under SRS with a 11/1/17 effective date

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

Active Member: STD eligibility ends on 10/31/17
Extended STD: Approved on 10/14/17 for an 11/1/17 effective date
Employing Unit: Attempts to process member's 10/31/17 termination from employing unit on 12/15/17 but Plan termination rules prevent retroactive termination and an 11/30/17 termination date is applied
Result: Member auto-enrolls into health benefit coverage under SRS with a 12/1/17 effective date

DST POLICIES AND PROCEDURES

Example 3: STD Member approved retroactively for LTD, employing unit processes timely termination

Active Member: STD eligibility ends on 10/31/17
LTD: Approved on 4/10/18 for an 11/1/17 effective date
Employing Unit: Processes member's 10/31/17 termination from employing unit coverage on 10/15/17*
Result: Member auto-enrolls into health benefit coverage under SRS with a 4/1/18 effective date

****Member should elect COBRA to avoid a gap in coverage***

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

Active Member: STD eligibility ends on 10/31/17
LTD: Approved on 4/10/18 for an 11/1/17 effective date
Employing Unit: Attempts to process member's 11/1/17 termination from employing unit on 4/15/18 but because of Plan termination rules, a 3/30/18 termination date is applied
Result: Member auto-enrolls into health benefit coverage under SRS with a 4/1/18 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 member is enrolled. The HBR is responsible to ensure disabled members 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 which will end SHP benefits under employing unit and generate COBRA eligibility notice.

DST POLICIES AND PROCEDURES

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 SHP Enrollment & Eligibility Vendor for enrollment into SHP benefits under SRS.

Enforcement

This policy may be modified at any time by the SHP’s Executive Administrator.

Revision/Review History

Version/Revision	Date Approved	Description of Changes
V1	5/19/2017	New Policy

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