



COMPARING LONG TERM DISABILITY QUOTES - QUESTIONS TO ASK -

October 2022

Long-term disability (LTD) coverage can be a valuable benefit for cities and city employees. When reviewing such coverage plans, however, it is important to compare not only **cost**, but also **coverage provisions** to assure that city and employee needs are being adequately met.

The League of Minnesota Cities Insurance Trust (LMCIT) endorses a Madison National Life LTD plan which is broader than most others offered to cities. If you are comparing LTD insurance, the following list of questions may help you identify some of the differences in coverage offered by LMCIT. LMCIT coverages answer “yes” to all of the following questions:

1. Will the insurance benefit be paid until the disabled employee reaches their Social Security Normal Retirement Age?
2. Is there a minimum monthly benefit of at least \$100 per month?
3. Is there an “Own Occupation” definition of disability as follows:
 - **5 years** for the city manager, city clerk and department heads making a minimum of \$30,000 annually?
 - **3 years** for all others?
4. Does the plan pay a benefit in addition to sick leave?
5. Does the plan pay a benefit if an employee is **partially** disabled?
6. Does the plan include a **Zero Day Residual** provision?
7. Will the plan treat Special Conditions outside of any 2-year mental/nervous limitation? For reference, Special Conditions means a condition which is based on self-reported symptoms and is not verifiable using objective medical tests, procedures or clinical examinations standardly accepted in the practice of medicine.
8. Does the contract include a Family Care Expense Credit on partial disability that allows up to \$350/mo. per family member to be subtracted from return to work earnings before the partial formula applies?
9. Does the contract allow the claimant to qualify for the own occupation **or** the earnings test? (Either/or, **not** both.)
10. Does the plan offer a **conversion** privilege to employees leaving the plan?
11. Does the plan offer incentives for claimant to return to work such as:
 - Accommodation expense for employer up to **\$2,000**?

- Employer Rehab Incentive – **50%** of first months’ wages if claimant returns on a part-time basis?
- **100%** incentive – no offset in first year of partial disability benefits unless earnings and benefit exceed 100% of pre-disability earnings?
- Employee Rehab Incentive – increased benefit **by 5%** if joining a rehab plan and returning to work?

12. Does the written policy specify payment of the cost of such services as:

- Educational expenses for training in a new occupation?
- Medical expenses for treatment, physical therapy and adaptive equipment in excess of the amounts paid by third parties or under a policy or medical coverage?
- Moving expenses if, because of school or employment, the employee must move more than 35 miles?
- Additional job search assistance and up to three months of additional benefits if the employee recovers while unemployed?
- Vocational rehabilitation assistance to spouses of disabled employees who cannot be rehabilitated?

13. Will the plan match and pay the city’s share of FICA taxes on payments made to disabled employees and prepare all long-term disability W-2 forms for the city?

14. Will the plan allow unlimited part-time work during the qualifying period and support brief returns to active full-time work (up to five days per month) if the employee is temporarily capable of doing the material duties of his or her occupation?

For more information about the LTD coverage available through LMCIT or any of the other employee benefits offered by LMCIT, please contact:

League Human Resources and Benefits Staff

Phone: (651) 281-1200

(800) 925-1122

email: hrbenefits@lmc.org

Ochs, Inc.

400 Robert Street North, Suite 1880

St. Paul MN 55101

Phone: (651) 665-3789

(800) 392-7295

Fax: (651) 665-3791

email: ochs@ochsinc.com