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# Recent Changes to Long Term Disability plan definition of any occupation.

Submitted by Joe Ruhland

4/25/2012

## Question:

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Will Human Resources/Benefits explain why the clause in the Long Term Disability plan concerning pre-disability and post-disability income ratios for disability payments extending beyond 24 months disappeared and pledge to renew GSU's plan for 2013 with the clause reinstated?

## Rationale:

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All benefits eligible employees have the ability to elect Long Term Disability coverage. The objective of a long-term disability plan is to replace income when an employee is unable to work during extended periods of illness or injury. These plans typically have two phases. During the first 24 months following your elimination (waiting) period, you are considered totally disabled if you cannot perform each of the main duties of your "own occupation". After 24 months, the definition becomes more stringent and you are considered to be totally disabled only if you can't perform the duties of "any occupation". The definition of "any occupation" has significantly changed, thus severely limiting the protection provided by the coverage. Under the old plan (which seems to have been valid through 2011), "Any Occupation" was defined as, "any occupation for which You are qualified by education, training or experience, and that has an earnings potential great than the lesser of: 1.) The product of Your Indexed Pre-disability Earnings and 60%; or 2.) the Maximum Monthly Benefit." This language is in sharp contrast to our current plan. Under the new certificate of coverage distributed by Benefits the week of 4/16/2012, the definition of "total disability" is stated as follows: "After the Own Occupation period [ed: receiving 24 months of benefits], it means that due to an Injury or Sickness the Insured Employee is unable to perform each of the Main Duties of any occupation which his or her training, education or experience will reasonably allow." This definition means that if we, as covered employees, can perform even minimum wage work, we will not be considered totally disabled under the policy. As a relatively highly trained and educated workforce who could more than qualify by education alone

to do a myriad of low paying unskilled jobs, this new language leaves us exposed to tremendous risk by making it much more difficult to meet the definition of "totally disabled". Further, since LTD is a plan that is administered independently of USG, the new plan's language leaves it uncompetitive with the plans of fellow USG institutions. For example, UGA's plan requires the earnings potential after the 24 month "own occupation" period must meet or exceed 75% of pre-disability wages , Georgia Tech requires 60% , Valdosta State requires 80% and Kennesaw State never deviates from the "own occupation" to an "any occupation" definition at all . Sources: UGA: [http://www.hr.uga.edu/benefits/ltd\\_booklet\\_3\\_09.pdf](http://www.hr.uga.edu/benefits/ltd_booklet_3_09.pdf) GA Tech: [http://www.ohr.gatech.edu/sites/default/files/benefits/Open\\_Enrollment/LTD%20SPD%201-1-12.pdf](http://www.ohr.gatech.edu/sites/default/files/benefits/Open_Enrollment/LTD%20SPD%201-1-12.pdf) Valdosta State: [http://www.valdosta.edu/finadmin/human\\_resources/ltd.shtml](http://www.valdosta.edu/finadmin/human_resources/ltd.shtml) Kennesaw State: [https://web.kennesaw.edu/hr/sites/web.kennesaw.edu.hr/files/LTD\\_Highlighter%5B1%5D\\_1.pdf](https://web.kennesaw.edu/hr/sites/web.kennesaw.edu.hr/files/LTD_Highlighter%5B1%5D_1.pdf)

## **Response:**

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Minutes: 6/6/2012: Regarding Joe Ruhland's withdrawn request for information about changes in a definition in our long-term disability plan, Paul Michaud of Human Resources provided an answer to Ruhland which Lowell Mooney would present. Mooney presented information received by Joe Ruhland about a substantial change in coverage. Long-term disability plans replace a portion of income after a covered employee becomes unable to work. How you meet the definition of disabled changes over time. For the first 24 months after the waiting period, you're deemed disabled if you are unable to perform the primary duties of your "own occupation." After 24 months, you must be unable to perform the duties of "any occupation" in order to receive the benefits. Under our old coverage provided by the Hartford, the definition of "any occupation" was "any occupation means any occupation for which you are qualified by education, training or experience, and that has an earnings potential greater than the lesser of 60% of your indexed pre-disability earnings or the maximum monthly benefit." With our new coverage with Lincoln Financial, the 60% of pre-disability earnings qualifier was absent. Strictly interpreted, faculty are qualified by education, training, or experience for a very long list of minimum wage jobs which could be performed even while being severely disabled from a lay person's perspective. However, the ability to perform that job means we are not disabled from the insurer's perspective; "qualified for" does not mean "commensurate with." Since it would be very difficult to meet that definition our coverage after 24 months was fairly limited. Since long-term disability coverage is administered at the individual institution level, this also put us out of line with almost all other USG institutions. When he approached them with this question, Ruhland was more or less told by Lincoln Financial to trust that they would do the right thing. He found that unacceptable and pushed the issue. After some back and forth with

Lincoln Financial, assisted by Paul Michaud's group and their hired benefits consultants, Lincoln has given Georgia Southern a mid-term policy language amendment which now defines "any occupation" as "any occupation means any occupation for which your training, education, or experience will reasonably allow and that has an earnings potential of greater than the lesser of 80% of your previous ability earnings and/or the maximum monthly benefit." This change now places Georgia Southern in the upper echelon of USG institutions with respect to the richness of our long-term disability coverage.