



# VSDP Benefits

## VRS Employer Manual

Eligible employees who become disabled and cannot work have protection through the Virginia Sickness and Disability Program (VSDP). The program includes sick leave, family and personal leave, short-term and long-term disability benefits and a long-term care program. The program encourages rehabilitation with the goal to return employees to gainful employment when they are medically able. Details about the benefits offered through the VSDP program for eligible employees can be found in the [VSDP Handbook](#), available through the VRS website.

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## What's New?

July 1, 2025

- For a disability retiree with at least 30 years of creditable service, the minimum life insurance amount is \$9,768. This amount represents an increase from 2024.
- The Employer Manual has a new style and format.

January 1, 2025

The third-party administrator changed to Voya Financial.

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# Section 1 – Administration

The Virginia Sickness and Disability Program (VSDP) is administered by the Virginia Retirement System (VRS), in conjunction with Alight, a third-party administrator.

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## Authority and Interpretation

Information contained in the VSDP chapter of the Employer Manual is governed by Title 51.1 of the *Code of Virginia*. This information is intended to be general. It cannot be complete in all details and cannot supersede or restrict the authority granted by the *Code of Virginia*, which may be amended from time to time.

The VRS Board of Trustees has the authority to develop, implement and administer the program<sup>1</sup> and to develop policies governing the program. However, the director of the Department of Human Resource Management (DHRM) has the final authority to develop and interpret leave and related personnel policies and procedures associated with VSDP.<sup>2</sup>

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## Disability Trust Fund

State agencies pay the costs of providing sick leave, family and personal leave and short-term disability benefits from funds appropriated by law to the state agencies. VRS determines the amount of contributions needed to provide the funds required to maintain long-term disability coverage and long-term care insurance and to administer the program, including case management and cost containment programs.

Contributions are deposited in the Disability Trust Fund. The long-term disability contributions are held in an independent trust and are invested and administered solely in the interests of the participating employees and beneficiaries.

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## Administration of the Program

Each employer must keep records for employees covered under VSDP. The employer must also furnish information required by the VRS Board of Trustees or its designee. The benefits payable under VSDP are exempt from levy, garnishment, attachment and other legal process.

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<sup>1</sup> See *Code of Virginia* § 51.1-1102.

<sup>2</sup> See *Code of Virginia* § 2.2-1201 (14).

## Roles

There are a number of key participants who ensure the program functions properly. Employees, VRS, Alight, illumifin Corporation, employers, the Office of Workers' Compensation, MC Innovations (MCI), the Department of Accounts (DOA) and DHRM all play an important role in the claims process.

The employer communicates with the employee and works with third-party administrators to ensure the employee's needs are met. The employee is responsible for reporting the illness or injury and following the proper procedures. In addition, an employee's family member or employer's representative may also initiate a VSDP claim on behalf of the employee.

VRS is responsible for the administration of the program. Alight is the third-party administrator that provides claims administration for VSDP, reviews medical information, assists the employee and employer in consultation with the employee's physician with transition back to work and conducts claims investigations. illumifin manages long-term care claims.

The State Employee's Workers' Compensation Program is administered through DHRM's Office of Workers' Compensation to provide income replacement for workers who have suffered a work-related injury or illness. DHRM provides personnel policy interpretation to agencies and VRS and coordinates workers' compensation claims with Alight.

MCI is the third-party administrator for the State Employee's Workers' Compensation Program. MCI works in partnership with Alight and the employer to coordinate benefits and provide payment in the event of a work-related injury or illness. Finally, DOA provides reporting guidance to payroll staff at the agencies.

As each topic in the VSDP manual is discussed, the responsibilities of each of these key participants will be outlined in detail.

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## Resources

VRS provides technical and educational resources for employers and employees.

### Technical Resources

The [VRS website](#) can answer many questions about VSDP benefits and services.

LeavePro is a reporting system provided by Alight for an employer to obtain employee VSDP claims information. For more details on using LeavePro, contact an Alight account coordinator at 844-507-5391.

### Educational Resources

The [VSDP Handbook](#) is a member publication that describes the benefits available to state employees who are covered under VSDP. The VSDP Handbook is available on the Publications page of both the [VRS website](#) and the [employer website](#). The [VSDP course](#) is a general overview of the program and is located in the Commonwealth of Virginia Learning Center (COVLC). For a list of other available publications, see the employer website.

### Forms

The [College and University Opt-Out Form](#) (VSDP-2) is available to download and print from the VRS website. Conversion of disability credits is included on the [Application for Retirement Form](#) (VRS-5). Alight provides claim-specific forms directly to the employee.

# Contact Information

Individuals can communicate with VRS in a variety of ways, including phone, fax and email. Separate addresses have been set up for email, depending on whether the individual is an employer, a member or a retiree.

## VRS

- [www.varetire.org](http://www.varetire.org)
- 1200 East Main St.; PO Box 2500;  
Richmond, VA 23218-2500
- Phone: 888- 827-3847;
- Fax: 804-786-1541;
- TDD: 804-289-5919
- Employer: [employer-info@varetire.org](mailto:employer-info@varetire.org)
- Member: [member-info@varetire.org](mailto:member-info@varetire.org)
- Retiree: [retiree-info@varetire.org](mailto:retiree-info@varetire.org)

## Alight

- [www.vsdplclaimservices.com](http://www.vsdplclaimservices.com)
- Claim Correspondence:  
Dept. 00057; PO Box 299094;  
Lewisville, TX 75029-9094
- Payroll Correspondence:  
Dept. 00052; PO Box 299096;  
Lewisville, TX 75029-9096

## Department of Accounts (DOA)

- [www.doa.virginia.gov](http://www.doa.virginia.gov)
- PO Box 1971;  
Richmond, VA 23218-1971
- Phone: 804-225-3038;
- Fax: 804-371-8587

## Department of Human Resource Management (DHRM)

- [www.dhrm.virginia.gov](http://www.dhrm.virginia.gov)
- 101 North 14th Street, 12th Floor;  
Richmond, VA 23219
- Phone: 804-225-2131;
- Fax: 804-371-7401

## State Employee's Workers' Compensation Program

- [www.dhrm.virginia.gov/workers'-compensation](http://www.dhrm.virginia.gov/workers'-compensation)
- DHRM Office, 101 North 14 Street, 6th Floor;  
Richmond, VA 23219
- Phone: 804-786-0362

## MC Innovations (MCI)

- [mcinnovations.com](http://mcinnovations.com)
- 5540 Falmouth Street, Suite 203;  
Richmond, VA 23220
- Phone: 804-344-0009;
- Fax: 804-344-4443

## Illumifin

- [www.illumifin.com](http://www.illumifin.com)
- 935 S. Main St., Greenville. SC 29601
- Phone: 877-431-5824

# Section 2: VSDP Benefits

Full-time or part-time salaried employees of the Commonwealth are automatically enrolled in VSDP. The hire date of the employee determines the level of coverage.

## VSDP Benefits at a Glance

An employee may not receive more than one disability benefit under VSDP for concurrent illnesses or injuries. The following chart contains a summary of benefits. Each benefit is covered in more detail in the corresponding sections of this chapter.

Benefit:	Coverage:	When Coverage Begins:
Sick Leave	Used for personal illness, pregnancy and doctor's visits	First day of employment
Family and Personal Leave	Used for personal reasons, family reasons or personal illness	First day of employment
Long-Term Care Plan	Pays a daily reimbursement for medical, personal and social services provided in a nursing care facility, assisted living, home health or respite care	<ul style="list-style-type: none"> <li>• <b>Employees hired or rehired before July 1, 2009:</b> First day of employment for work-related and non-work-related disabilities;</li> <li>• <b>Employees hired or rehired on or after July 1, 2009:</b> First day of employment for work-related disabilities; after one year of continuous employment for non-work-related disabilities</li> </ul>
Short-Term Disability	Provides short-term income protection if an employee becomes disabled and cannot work, beginning after an elimination period of seven consecutive calendar days	<ul style="list-style-type: none"> <li>• <b>Employees hired or rehired before July 1, 2009:</b> First day of employment for work-related and non-work-related disabilities;</li> <li>• <b>Employees hired or rehired on or after July 1, 2009:</b> First day of employment for work-related disabilities; after one year of continuous employment for non-work-related disabilities</li> </ul>
Long-Term Disability	Provides income replacement if an employee becomes disabled and cannot work after the expiration of the maximum period of short-term disability	<ul style="list-style-type: none"> <li>• <b>Employees hired or rehired before July 1, 2009:</b> First day of employment for work-related and non-work-related disabilities;</li> <li>• <b>Employees hired or rehired on or after July 1, 2009:</b> First day of employment for work-related disabilities; after one year of continuous employment for non-work-related disabilities</li> </ul>

# Eligibility

## Eligible Employees

Full-time and part-time salaried employees of the Commonwealth of Virginia are covered under VSDP.

Eligible employees include:

- Active members of the VRS defined benefit plan;
- Active members of the State Police Officers' Retirement System (SPORS);
- Active members of the Virginia Law Officers' Retirement System (VaLORS);
- Full-time teaching, research or administrative faculty of a Virginia public institution of higher education who participate in a VRS defined benefit plan and who elect VSDP coverage;
- Part-time faculty members covered under a VRS defined benefit plan and who elect VSDP coverage.

Newly hired faculty of state universities of higher education in teaching, research or administrative positions who elect VRS as their retirement plan may elect coverage either under VSDP or under any disability plan offered by the institution. If the institution does not offer an alternative disability plan, the faculty member is automatically covered under VSDP.

An employee in a grant-funded position is eligible for VSDP benefits even though the grant may expire after the employee begins disability. The employer may ask the organization providing the money for the grant-funded position to further agree to pay for short-term disability benefits. Long-term disability benefits are paid under VSDP.

## Ineligible Employees

The following employees are not eligible for VSDP benefits:

- Members of the Judicial Retirement System (JRS);
- Employees of political subdivisions;
- Employees of public school divisions;
- Wage employees and adjunct faculty;
- Teaching, research and administrative faculty of Virginia public institutions of higher education who participate in the Optional Retirement Plan (ORP);
- Employees participating in a non-VRS retirement plan;
- Virginia Port Authority employees who are not members of VRS;
- Department of Visually Handicapped employees pursuant to § 51.5-72 of the *Code of Virginia*;
- Former state employees of the Virginia Department of Health who have been transferred to local governments;
- Employees of the Virginia Commonwealth University Health System;
- Employees of the University of Virginia Medical Center;
- Employees who participate in the Optional Retirement Plan for Political Appointees (ORPPA);
- Employees who are suspended without pay for disciplinary reasons, including suspensions pending investigation or court decision, for the duration of the suspension only;
- Employees on leave without pay or unpaid leave through the Family Medical Leave Act (FMLA); however, these employees are eligible for the VSDP Long-Term Care Plan.

## Dual Employment

A member who is employed in more than one position that provides coverage under the program must elect, by written notice to VRS, one position under which their retirement plan and other ancillary benefits will be based.

# Enrollment

Employees hired on or after July 1, 2009 are automatically enrolled in the program, with coverage for work-related disabilities effective the first day of employment and coverage for non-work-related disabilities beginning after one continuous year of active employment or re-employment. Employees hired or rehired on or after January 1, 1999 but prior to July 1, 2009 were automatically enrolled in VSDP, with coverage effective the first day of employment. Employees covered by VSDP who transfer with no break in service to another employer providing VSDP remain covered and are not considered a rehire. These transferred employees do not need to meet the requirement of a year of continuous service if they have already satisfied this requirement.

Employees who enrolled in VSDP during the 1999 and 2002 open enrollments had the option to convert accumulated sick leave to disability credits or purchase VRS service credit. Disability credits may be used to bring income replacement to 100% during periods of 80% income replacement and 60% income replacement.

Employees must use disability credits during long-term disability. Employees who leave covered employment may convert unused disability credits to VRS service credit or elect to be paid for 25% of the balance, up to a maximum of \$5,000.

## Faculty

Newly hired faculty members have 60 days to choose either the VRS defined benefits plan or the ORP. If a state institution of higher education has an alternative employer sponsored disability program and the employee chooses VRS, the employee may participate in either VSDP or the school's disability plan. An employee who chooses the ORP is not eligible to participate in VSDP. If the faculty member was newly hired on or after July 1, 2009 and elects to participate in the VRS retirement plan and VSDP, the faculty member will have a one-year waiting period for a non-work-related disability.

Employees hired by an institution of higher education in a faculty position performing teaching, research or administrative duties who elect VRS must also elect VSDP or an existing program provided by their institution within 60 calendar days of employment. Employees must submit a VSDP-2 within 60 calendar days of employment.



Once a disability program has been chosen, the election is irrevocable.

If a state institution of higher education does not offer an alternative employer sponsored disability plan, a faculty member first hired on or after July 1, 2009 who elects the VRS retirement plan is automatically enrolled in VSDP and has a one-year waiting period for non-work-related disability.

If the employee is:	and changes to:	then the employee is:
in a faculty position with VSDP	a classified position	not a new hire
in a classified position with VSDP	a faculty position	not a new hire
in a faculty position and opted out of VSDP	a classified position	a new hire
in a classified pre-1999 position and opted out of VSDP	a classified VSDP position	a new hire

## Previous Service

For an employee hired before July 1, 2009, the amount of VSDP career state service determines the amount of income replacement for short-term and long-term disability. Prior service is not considered for an employee hired on or after July 1, 2009 until the employee reaches the five-year anniversary date.

Local government service does not count toward VSDP career state service. Career state service includes full-time and part-time salaried state service and absences for military leave, layoffs, temporary workforce reductions or periods of reduced hours or job restrictions while on short-term or long-term disability. Short-term disability and long-term disability working absences also count toward an employee's length of career state service in VSDP.

## Probationary Period

A probationary period<sup>3</sup> is an introductory period of employment that allows the employee and employer to determine if the employee is suited for the job. The probationary period must be extended when a probationary employee is on any leave with or without pay for more than 14 consecutive days, including:

- Workers' compensation;
- FMLA;
- Military leave with or without pay;
- VSDP short-term disability leave;
- VSDP long-term disability working status;
- Periods of short-term disability where the employee is working in an "active employment" status with restrictions or modifications.

Extensions include the first 14 days of absence, as well as those days in excess of 14, up to the work date.

Any time spent on short-term disability or short-term disability working status will extend the employee's probationary date. When the employee is released for full-time duty, the probationary date should be adjusted if the period of absence was more than 14 consecutive calendar days.

An employee on short-term disability during the probationary period is an at-will employee. This means employees may be terminated during any period in which they have been released by the licensed treating healthcare professional to work. Nothing in VSDP changes an employee's at-will status during a probationary period. However, employers should be sure they are not violating the FMLA, the Americans with Disabilities Act (ADA)<sup>4</sup> or other provisions of law.

## Taxes

The benefits paid under a non-work-related short-term or long-term disability are fully taxable. The benefits paid under a work-related disability are not taxable because the benefits are deemed to be in the form of a workers' compensation benefit.

Pay for disability credits, annual leave, family and personal leave or other eligible leave used to supplement income replacement at 100% while the employee is receiving short-term or long-term work-related disability under VSDP is fully taxable.

<sup>3</sup> See DHRM Policy 1.45, Probationary Period.

<sup>4</sup> The ADA requires covered employers to provide reasonable accommodation to qualified disabled individuals unless that accommodation would impose an undue hardship on the employer.

# Social Security Disability Insurance

In addition to VSDP benefits, an employee may also be eligible for Social Security Disability Insurance benefits (SSDI). Employees over the age of 30 are eligible for SSDI benefits if they:

- Have a terminal condition;
- Are unable to perform any kind of work for which they are reasonably qualified for at least a year before applying for SSDI benefits.

The employee must have been employed in five out of the previous 10 years before being considered for SSDI benefits.



Employers should contact the Social Security Administration (SSA) for the special rules for individuals younger than age 30.

## Filing an SSDI Claim

Alight provides SSDI filing assistance through Allsup at no cost to the member. If the employee is on long-term disability and chooses to use Allsup, then Alight will help the employee contact Allsup. If the member is on long-term disability and chooses representation by a party other than Allsup, the benefit will be reduced during the SSDI application process by an estimated SSDI benefit amount. The member may avoid this reduction by using Allsup's services when they file with Social Security. Expenses incurred by private representation are the responsibility of the member and will not be reimbursed.

Qualification for SSDI benefits does not automatically qualify the employee for VSDP disability benefits. If the employee files a claim for VSDP benefits and Alight determines the employee may also be eligible for SSDI benefits, the employee must apply with the SSA. If the employee uses the Allsup service, Allsup will assist with the application and any necessary appeals at no cost to the employee. However, if the employee files a Social Security claim independently, Allsup will not assist with any appeals.

An employee who chooses not to use Allsup should have the following information ready when filing a Social Security claim:

- Social Security number;
- A certified copy of the employee's birth certificate;
- W-2 forms for the past two years;
- Names, addresses and phone numbers of the licensed treating healthcare professionals, as well as any clinics or hospitals where the employee has been treated.

## SSDI Benefits Award

It typically takes three to five months for the SSA to process an application and notify the employee of the authorization of SSDI benefits. An employee who has been approved for VSDP disability benefits will receive VSDP benefits while waiting for notification from Social Security. When the employee begins to receive the SSDI benefits, the VSDP benefit will be offset by the Social Security amount.



If the SSDI benefits award is retroactive over a period the employee received VSDP benefits, the employee will be required to reimburse the employer and/or Alight for the overpayments.

## SSDI Benefits Denial

If the SSDI benefits claim is denied and the member used Allsup to file, Allsup can assist the employee in filing an appeal at no cost. If the SSDI benefits claim is denied and the employee is still eligible for disability benefits under VSDP, the VSDP benefits will continue so long as the claim is in appeal. However, if the employee does not file an appeal, the VSDP benefit could be reduced or stopped.

# Adjustments to Benefits

VSDP benefits are adjusted for outside income earned while on short-term or long-term disability. An employee who receives income other than the VSDP benefit must complete an Outside Earned Income Reporting Form that is included in the VSDP introductory packet. The employee will be required to repay, possibly with interest, any overpayments of disability benefits received under VSDP. The employee must report to Alight the following payments received from the following sources:

- Any disability payments the employee or employee's family receives for the same condition from the SSA or other similar governmental disability program;
- Wages or salary reported on W-2 forms and income from self-employment;
- Benefits received from any other state employer-sponsored group insurance contract for the purpose of providing income replacement for the same condition, not including any disability insurance purchased directly;
- Benefits paid under any compulsory benefits law, such as workers' compensation, severance or unemployment compensation;
- Benefits for the same condition paid under any other governmental disability program, including local government disability benefits and federal civil service benefits.



Cost-of-living increases from any of the sources listed above are not included in the adjustment of the VSDP benefit.

# Exclusions and Limitations

Short-term and long-term disability benefits are not payable if the disability results from the commission of a felony or during a period while the employee was incarcerated. It is the employee's responsibility to notify Alight within five calendar days of an incarceration to avoid an overpayment that must be repaid.

Long-term disability benefits are not payable if the disability results from the abuse of alcohol, the misuse of any prescribed medication or the misuse of any controlled substance, unless the employee is actively receiving treatment. Alight must agree the employee is fully complying with the treatment plan and making substantial progress toward rehabilitation.

Up to six weeks of post-partum benefits are provided in the case of uncomplicated normal deliveries or C-section deliveries.

Short-term and long-term disability benefits are not payable when Alight determines, based on medical evidence and other documentation provided by the employee, that it can no longer certify the disability.

Short-term and long-term disability benefits are not payable if the employee does not seek ongoing treatment from a licensed treating healthcare professional and does not participate in proper care and treatment programs.

The third-party administrator may base the decision to pay or not pay the disability benefit solely on objective medical evidence, notwithstanding a licensed treating healthcare professional's request.

Short-term and long-term disability benefits are reduced 50% if the employee fails to cooperate with the prescribed rehabilitation program.

VSDP may require copies of year-end tax statements and/or state and federal tax filings annually to certify income from gainful employment as part of the administration of statutory offsets under the program.

Short-term and long-term disability benefits are not payable if the employee ceases to be a member of VRS due to withdrawal of member contributions, retirement or termination of employment.

Long-term disability benefits are not payable if the employee is able to perform the full duties of the pre-disability position on a full-time basis, within the first 24 months of disability. Long-term disability benefits are not payable if the employee is able to perform the full duties of any job for which the employee is reasonably qualified based on training and experience, without restrictions, after 24 months of disability or earning 80% or more of the pre-disability income.

The employee's return to the pre-disability position or any other VRS-covered position is not guaranteed after the transition into long-term disability.

If the employee's payments under the Workers' Compensation Act are adjusted or terminated for refusal to work or to comply with the requirements of § 65.2-603 of the *Code of Virginia*, VSDP disability benefits will be calculated as if the employee were receiving the payments. The employee must meet VSDP eligibility requirements.

If the employee fails to comply or cooperate with VSDP requirements, benefits under the program may cease.

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## Confidentiality

Medical records and other information relating to the employee's disability claim are maintained and stored by Alight, in compliance with state and federal privacy laws and regulations governing such information.

For quality assurance purposes, VRS periodically audits and monitors Alight's interaction with VSDP-participating employees and employer contacts. To maintain confidentiality, the employer receives only the following information:

- Date the disability is initiated;
- Whether short-term or long-term disability is requested;
- Authorized start and end dates of the disability;
- Information regarding workplace accommodations needed to facilitate a return to work;
- Estimated return-to-work date;
- Type of claim, such as work-related or non-work-related;
- Number of hours a day the employee is able to work;
- Dates to begin paying the employee at 100%, 80% and 60% income;
- Case closure dates.

# Review and Appeal Process

Alight evaluates claims and monitors continued eligibility for disability benefits. The evaluation includes a thorough review of all available clinical, medical, vocational and employer information. Alight may also contact the employee's licensed treating healthcare professional to discuss the disability claim.

The employee will be notified in writing of any Alight claim decision. If the claim is denied or terminated, the employee will be given the reasons as well as the steps to appeal the decision, should the employee wish to pursue an appeal. The employee must notify Alight of the decision to appeal within 180 calendar days from the date of the decision letter.

## Appeal Process

The appeal process is as follows:

1. The employee receives a decision letter from Alight explaining the benefits have been denied or terminated;
2. The employee submits a written appeal letter to Alight within 180 days from the date of the denial, including any additional medical information related to the denial or other reason for disputing the disability claim decision. The employee should include any additional information supporting the disability, including payroll or occupational information;
3. Within two business days, the employee is sent an acknowledgement letter from Alight with the name and phone number of the appeals specialist handling the appeal;
4. Once additional medical information has been submitted, Alight has an initial review period of 45 days. If there are circumstances beyond the control of Alight, the appeals specialist notifies the employee that it may take up to 45 additional days to reach a determination. The employee may be asked to provide additional information for review, though the time required to provide this information is not included in the 45-day limit;
5. The appeals specialist sends the employee an appeal decision letter. If the benefits are still denied or terminated after this appeal, the employee may file a second level appeal within 60 days from the date of the first appeal decision letter;
6. Within two business days, the employee is sent an acknowledgment letter that Alight received the re-appeal. The claim goes through a second appeal process;
7. The appeals specialist sends the employee a re-appeal decision letter. If the benefits are still denied or terminated after this re-appeal, the employee may ask a Circuit Court judge to review Alight's re-appeal decision. The employee files a notice of appeal with VRS, along with a copy to Alight within 30 days after the date of the re-appeal decision letter denying or terminating benefits. The letter informs the employee that the Rules of the Supreme Court of Virginia govern all Circuit Court appeals and that the employee may wish to consult an attorney.



At any time during the appeal process, the appeals specialist may reverse the denial or termination of benefits. The employee then receives a written letter stating the approval and any applicable past due benefits.

# Section 3: Sick & Family Leave

Employees have a number of leave options that allows them to take time off for personal or family illnesses. Under VSDP, sick leave, family and personal leave are paid for by the employer. Leave under FMLA is unpaid leave.

## Sick Leave

Each employee is granted 32 to 80 hours of sick leave each year on January 10. The amount of sick leave granted to an employee is based on the number of months of state service earned as of January 10. There is no qualifying period; an employee is granted sick leave on the first day of employment.

An employee may use sick leave for absences due to personal illness, injury, preventative care, wellness physician visits, pregnancy or surgery and for doctor visits when disability (short-term and long-term) are not payable.

An employee may also use up to 33% of available sick leave hours for immediate family illness as provided by DHRM. Immediate family includes an employee's parents, either biological or individuals who stood in place of the parents and assumed parental duties and responsibilities. It also includes an employee's spouse and children, adopted children, foster children, stepchildren and legal wards.



Children must be under the age of 18, or if over the age of 18, must be incapable of self-care because of a physical or cognitive disability.

## Documentation of Sick Leave

Employers may develop internal policies to meet their own needs for verification of an employee's sick leave. An employee who wishes to use sick leave must comply with the employer's request for verification of the appropriateness of using sick leave. An employee's use of paid sick leave may be denied if the employee fails to comply with a reasonable employer request for verification of the need for sick leave, or if the verification provided is inadequate.

### Leave for New and Rehired Employees

Use the chart at right to determine the amount of sick leave for a new or rehired full-time employee:

Employment Start Date	Hours of Sick Leave
January 10 – July 9	64
July 10 – January 9	40

Use the chart at right to determine the amount of sick leave for a new or rehired part-time salaried employee:

Employment Start Date	Hours of Sick Leave
January 10 – July 9	32
July 10 – January 9	20

After the first year, sick leave is credited on January 10 and the amount of leave credited depends on the amount of state service an employee has as of that date.

## Leave for Current Employees

On January 10 of each calendar year, a current eligible employee will be credited with 32 to 80 hours of sick leave. The hours are based on the employee’s total months of full-time and qualified part-time state employment, including leave without pay periods for non-disability reasons for Temporary Workforce Reduction, layoff and military leave.

Use the charts at right to determine a current employee’s sick leave amount:

### Current full-time employees:

Months of State Service	Hours of Sick Leave
Less than 60	64
60 to 119	72
120 or more	80

### Current part-time salaried employees:

Months of State Service	Hours of Sick Leave
Less than 120	32
120 or more	40



An employee receiving short-term disability benefits on January 10 of any year will be granted the new calendar year’s allocation of sick leave on the date the employee is released by the licensed treating healthcare professional and returns to active employment.

## Moving from Part-Time to Full-Time

When an employee moves from part-time salaried to full-time status, use the chart for new and rehired employees to increase the sick leave balance to the full-time level, based on the date the employee's status changes.



A part-time salaried employee accepts full-time employment on November 25. Their current sick leave balance of 32 hours is increased to 40 hours (new and rehired full-time employee allotment for July 10 – January 9).



A part-time salaried employee accepts full-time employment on January 19 and has been employed in state service for 43 months. The employee's current sick leave balance of 32 hours is increased to 64 hours.

The amount of any increase should be offset by the number of hours the employee already used. An employee who is still in full-time status on January 10 of the new calendar year will receive sick leave hours based on the full-time status and months of state service.

## Moving from Full-Time to Part-Time

When an employee moves from full-time to part-time status, the current leave balances stay the same if the employee is still salaried. If there is a status change, use the chart for new and rehired employees to reduce the sick leave balance to part-time level, based on the date of the change.



An employee is reduced from full-time to part-time salaried for six months. The sick leave balance will be reduced to 32 hours. If the employee is still in part-time status on January 10 of the new calendar year, they will receive a sick leave allotment based on part-time status and their state service.

If the employee already has a sick leave balance of less than 20 hours, only the current balance will be available. The sick leave will not be increased to 20 hours. If the change from full-time to part-time status will be for fewer than 90 consecutive calendar days, the employer should hold the reduced sick leave balance until full-time employment is regained. The reduced sick leave balance cannot be used until the employee returns to full-time employment.



An employee moves from full-time to part-time salaried employment status for February and March. Their sick leave balance is reduced to 32 hours. Any sick leave hours above 32 will be held. The employee may use up to 32 hours of sick leave during February and March. The other hours cannot be used during this time and will be reinstated when they resume full-time status.

## Unused Sick Leave

Unused sick leave may not be carried forward from one calendar year to the next (January 10 – January 9). An employee will not be paid for any unused sick leave when terminating employment.

## 9-, 10- and 11-Month Employees

Employees on a 9-, 10- or 11-month contract may not use sick leave during periods when they are not working, even though an employee may be receiving a regular paycheck during this period.



A 9-month contract employee is paid over 12 months. During the time they are out of work, the employee becomes ill. The employee cannot use sick leave to receive additional pay during this time.



An employee on short-term disability is released to work four hours per day in the morning but must be off four hours in the afternoon. If the employee cannot schedule a two-hour doctor's appointment in the afternoon, they may use two hours of sick leave for the appointment during the working period.

## Long-Term Disability Working

An employee on long-term disability working status receives the allotment of sick leave on January 10. The employee receives the appropriate sick leave allotment, based on full-time or part-time salaried status.

## Disability Credits

An employee who elected to participate in VSDP during the 1999 and 2002 enrollments may have converted sick leave to disability credits. Disability credits are sick leave balances that were converted to credits at the time of enrollment, to be used for income replacement. Disability credits may be used for income replacement when the employee is on short-term disability, long-term disability or long-term disability working. Using disability credits allows an employee to receive 100% compensation during periods that the program normally pays 60 or 80% of income replacement. Any disability credits remaining after short-term disability must be transferred by the employer to Alight.

An employee who has been in the program since January 1, 1999 may use unused disability credits when retiring or terminating employment. The employee may elect to either:

- Convert unused disability credits to service credits; or
- Receive a payment from the employer for 25% of the disability credits, up to a maximum payout of \$5,000.



VSDP sick leave balances (those not converted to disability credits) cannot be used to bring the employee's income replacement level up to 100%.

If the employee elects to receive the payment, advise the employee that the payment is taxable.

If the employee converts unused disability credits to service credits, the employee and employer should note this on their retirement application. The conversion rate is 173 hours of disability credits to one month of service credit. A member or employer can use myVRS to determine how the conversion of disability credits will affect the service retirement benefit.

# Family and Personal Leave

In addition to sick leave, each employee is credited with 32 to 40 hours of family and personal leave on January 10 each year. The amount of leave is based on months of state service and whether the employee is full-time or part-time salaried. Family and personal leave can be used for personal reasons, family reasons or personal illness. This leave cannot be carried over to the next year or paid out upon separation.

An employee must get a supervisor's approval when using this leave. The employee must give reasonable notice of the request and the absence must not impede the ability of the employer to perform essential services.

## Documentation of Family and Personal Leave

Each employer establishes procedures for documenting family and personal leave and employees are required to follow those procedures.

## Leave for New and Rehired Employees

The amount of family and personal leave credited to an employee during the first year of employment is based on the first date of employment. Use the chart at right to determine the amount of family and personal leave for new and rehired full-time and part-time salaried employees.

Employment Start Date	Hours of Family and Personal Leave
January 10 – July 9	32
July 10 – January 9	16

## Leave for Current Employees

After the first year of employment, the amount of family and personal leave is based on the total months of full-time and part-time salaried state employment, including leave without pay periods for non-disability reasons. The total months of service include active service in a state position, leave for military service and/or leave resulting from a layoff or temporary workforce reduction. The service also includes periods of short-term and long-term disability during which the employee works with reduced hours or with job restrictions. The amount is credited on January 10 of each calendar year.

Use the chart at right to determine the amount of family and personal leave for current full-time and part-time salaried employees.

Months of State Service	Hours of Family and Personal Leave
Less than 120	32
120 or more	40



An employee receiving short-term or long-term disability benefits on January 10 of any year will be granted the new calendar year's allocation of family and personal leave on the date the employee returns to active employment.

## Moving Between Part-Time and Full-Time

Family and personal leave hours do not change when an employee moves from full-time to part-time status or from part-time to full-time status. There is no reduction or increase in the leave allotment.

## Unused Family and Personal Leave

Unused family and personal leave may not be carried forward from one calendar year to the next. An employee will not be paid for any unused family or personal leave when terminating employment.

## Periods of Short- and Long-Term Disability

An employee on short-term or long-term disability on January 10 is granted family and personal leave on the date the employee returns to active employment.

If January 10 occurs during the employee's seven-day elimination period, the employee receives a new allotment of leave under VSDP. However, an employee who has a disability that is deemed catastrophic will receive leave on the date the employee returns to active employment because there is no elimination period for catastrophic conditions.

An employee in an active long-term disability working status receives the allotment of family and personal leave on January 10. The employee receives the appropriate sick leave allotment, based on the months of service.

Once an employee is eligible for short-term disability benefits, the employee may use family and personal leave to supplement the compensation to receive 100% pay.

Leave continues to accrue for 90 consecutive calendar days while an employee is on short-term disability. An employee on short-term disability is in a leave with pay status.

When an employee returns to work, including periods of working while on short-term disability, accruals begin at the pre-disability rate. A return to work for a complete pay period will interrupt the count of 90 calendar days of leave with pay. A new 90-calendar-day period will begin if the employee again returns to a short-term disability non-working (leave with pay) status and the employee will continue or resume leave accrual.<sup>5</sup>

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<sup>5</sup> DHRM Policy 4.10, Annual Leave.

# Family and Medical Leave Act (FMLA)

An employee may also be eligible for leave under FMLA. An employee may take up to 12 work weeks of authorized unpaid leave during any 12-month calendar periods for certain personal and family situations. FMLA also provides job protection for an employee who is on FMLA leave.

Use of FMLA is optional. An employee may choose to take unused annual leave, family and personal leave or other accrued leave instead of taking unpaid leave under FMLA. (Sick leave may not be used during periods when the employee is receiving VSDP benefits.) If the employee is on VSDP and is eligible for FMLA, the absence will be counted as FMLA. The employee should notify the employer's human resource office to substitute paid time off for any portion of the absence.

## Eligibility

An employee is eligible for leave under FMLA if they have:

- Been employed by the Commonwealth of Virginia for at least 12 months;
- Worked at least 1,250 hours during the 12 months immediately preceding the absence;
- Not previously used the 12-work week allotment of FMLA for a calendar year.

## Absences Covered Under FMLA

FMLA coverage includes leave for:

- The birth or adoption of a child or to provide foster care;
- The employee to care for an immediate family member (spouse, child or parent) with a serious health condition;
- The employee's serious health condition.

Personal illnesses that qualify for benefits under VSDP may also qualify and run concurrently under FMLA. A serious health condition, as defined under FMLA, means an injury or physical or cognitive condition that involves:

- Inpatient hospitalization at a hospital, hospice or residential medical care facility;
- Absence of more than three consecutive calendar days while receiving or continuing multiple treatments prescribed by a licensed treating healthcare professional;
- Continuing treatment by or under the supervision of a licensed treating healthcare professional for a chronic or long-term health condition that is incurable or so serious that if not treated would likely result in a period of incapacity of more than three calendar days.

## Notification of FMLA Absences

The employee must notify the employer's human resource office as far in advance as possible of any scheduled absence related to a pre-planned disability eligible under FMLA. The employer is responsible for:

- Determining if the employee meets FMLA eligibility requirements;
- Tracking FMLA hours;
- Notifying the employee of information related to the leave under FMLA.



If the employee is on short-term disability working, only the hours not worked are tracked for FMLA purposes.

When an employer is notified of the need for leave, the employer is responsible for notifying the employee of:

- Whether the employee is eligible for leave under FMLA;
- Whether the leave will count against the employee's annual FMLA entitlement;
- Any requirements for the employee to furnish medical certification and the consequences for failing to do so;
- The employee's right to substitute paid leave, whether the employer will require the substitution of paid leave and the conditions related to any substitution;
- Any requirement for the employee to make any premium payments to maintain health benefits, the arrangements for making such payments in a timely manner and the possible consequences for failing to make such payments;
- The employee's right to restoration to the same or equivalent job upon return from leave;
- Any requirement for the employee to present a "fitness for duty" note to return to work;
- The employee's status as a key employee<sup>6</sup> and the potential consequence that restoration may be denied following FMLA;
- The employee's potential liability for payment of health insurance premiums paid by the employer during the employee's unpaid FMLA if the employee fails to return to work after taking FMLA.

Alight will notify the employer's human resource office if the absence is approved for short-term or long-term disability benefits under VSDP. The employee may not be required to obtain two separate approvals as the approval of the VSDP claim may also apply to the FMLA claim if the employer's human resource office chooses to accept the short-term or long-term disability approval as an approval for FMLA as well.

<sup>6</sup> As a key employee, restoration to employment may be denied following FMLA leave on the grounds that such restoration will cause substantial and grievous economic injury to the agency.



## Other Leave Types

Leave Type	Coverage
<b>Educational Leave without Pay</b>	<p>An employee on educational leave without pay, including sabbaticals, may become ill or injured during the leave without pay period. The employee is not entitled to use any annual leave, sick leave or family and personal leave to cover the period of illness or injury.</p> <p>The sick and family and personal leave will be credited to the employee only if returning to pre-leave employment status. The employee may only use leave and be covered by VSDP if reinstated to pre-leave employment status.</p>
<b>Educational Leave with Partial or Full Pay</b>	<p>When an employee on educational leave with partial or full pay, including sabbaticals, incurs an illness or injury that qualifies under VSDP, the employee's educational leave stops. The employee is returned to pre-leave employment status. The employee receives short-term disability and long-term disability based on the full-time salary earned immediately prior to the period of educational leave with partial or full pay.</p> <p>The employee will receive sick leave and family and personal leave allotments after returning to the pre-leave employment status. Leave will not be credited while on educational or sabbatical leave because the employee is not eligible to use sick and family and personal leave while on educational or sabbatical leave.</p>
<b>Military Leave with Pay</b>	<p>An employee on military leave with pay, who becomes ill or injured during the leave with pay period, may use any of the available leave (annual leave, sick leave, family and personal leave) to cover the period of illness or injury. If certified, the employee may also be eligible for short-term and long-term disability benefits.</p>

Leave Type	Coverage
<b>Military Leave without Pay</b>	An employee on military leave without pay, who becomes ill or injured during the leave without pay period, may not use any of the available leave (annual leave, sick leave, family and personal leave) to cover the period of illness or injury. The employee may only use leave and be covered by VSDP if reinstated to pre-leave employment status.
<b>Unconditional Leave without Pay</b>	An employee on unconditional leave without pay, who becomes ill or injured during the leave without pay period, may not use any of the available leave (annual leave, sick leave, family and personal leave) to cover the period of illness or injury. The employee may only use leave and be covered by VSDP if reinstated to pre-leave employment status.
<b>Conditional Leave without Pay</b>	An employee on conditional leave without pay, who becomes ill or injured during the leave without pay period, may not use any of the available leave (annual leave, sick leave, family and personal leave) to cover the period of illness or injury. The employee may only use leave and be covered by VSDP if reinstated to pre-leave employment status. Conditional leave without pay does not guarantee reinstatement.
<b>Layoff</b>	An employee on leave without pay - layoff who becomes ill or injured is not covered by VSDP and is not entitled to use any of the available leave. Only if this employee is recalled or reinstated to employment in a covered position and the disability continues, may they use leave and be covered by VSDP. An employee who incurs an injury or illness that makes them eligible for VSDP benefits will continue to receive those benefits as long as the employee is eligible even if subsequently placed on leave without pay - layoff.
<b>Leave without Pay – Layoff</b>	An employee on leave without pay - layoff, who becomes ill or injured during the leave without pay period, may not use any of the available leave (annual leave, sick leave, family and personal leave) to cover the period of illness or injury. The employee may only use leave and be covered by VSDP if reinstated to pre-leave employment status. Benefits will be paid for an illness or injury that makes the employee eligible for VSDP benefits even if the employee is subsequently placed on leave without pay - layoff. VSDP benefits will cease when the employee is released to return to work (even if there is no position available),* the period of layoff expires, or other normal reasons for termination of benefits (e.g., retirement or death).
<b>Leave without Pay – Temporary Workforce Reduction</b>	An employee on leave without pay - temporary workforce reduction, who becomes ill or injured during the leave without pay period, may not use any of the available leave (annual leave, sick leave, family and personal leave) to cover the period of illness or injury. The employee may only use leave and be covered by VSDP if reinstated to pre-leave employment status. Benefits will be paid for an illness or injury that makes the employee eligible for VSDP benefits even if the employee is subsequently placed on leave without pay - temporary workforce reduction.
<b>Suspension **</b>	An employee placed on suspension pending investigation or outcome of employment related court action or disciplinary suspension is not eligible to receive VSDP benefits during the period of suspension. Depending upon case facts, the employee may not be eligible for workers' compensation benefits. If the employee is reinstated to employment in a covered position, they will be covered by VSDP and, if eligible, may receive VSDP benefits.

\* If an employee is on short-term disability, the position may not be used as a placement option. If the employee is on long-term disability, the position may be used as a placement option if it has not been refilled. The employee on long-term disability does not have rights under the layoff policy.

\*\* See DHRM Policy 1.60, Standards of Conduct.

# Section 4: Short-Term Disability (STD)

Short-term disability benefits provide eligible state employees with income protection if they become disabled and unable to work. Benefits cover absences due to most medical conditions. A short-term disability is an illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a major chronic or catastrophic condition, which prevents an employee from performing the full duties of the job. VSDP provides coverage for non-work-related and work-related disabilities.

The maximum short-term disability period is 125 workdays. The 125-workday period is based on a Monday-through-Friday work week. An employee who is still disabled after 125 workdays may be placed on long-term disability.

An employee receiving short-term disability is considered to be an active employee of the Commonwealth. The employer should continue to report full pre-disability earnings in myVRS Navigator for an employee on short-term disability. Hybrid plan defined contribution deductions should be taken as a percentage of the creditable compensation included in each paycheck, which may be reduced.

## Elimination Period – STD

Short-term disability benefits provide an employee who is eligible for VSDP with income protection normally after seven consecutive calendar days of absence if the employee becomes ill or injured and cannot work. The seven-day elimination period begins the first day of the injury, illness or period of maternity leave.



An employee, whose work week is Monday through Friday, falls ill on Monday, May 4, 2026 and does not report to work that day. The employee is out the rest of the week. If the employee does not return to work the following Monday, May 11 and is certified eligible by VSDP, they begin to receive income replacement effective Monday, May 11.

If an employee works 20 hours or less during the seven-day elimination period, the elimination period is still satisfied.



An employee, whose work week is Monday through Friday, falls ill on Monday, May 4, 2026 and does not report to work that day. The employee works eight hours on Tuesday and eight hours on Wednesday for a total of 16 hours. They are then absent Thursday and Friday. If the employee does not return to work the following Monday, May 11 and is certified eligible by VSDP, they begin to receive income replacement, effective Monday, May 11. They did not work more than 20 hours during the elimination period.

If an employee works more than 20 hours during the elimination period, a new seven-day elimination period must be met before short-term disability benefits begin.

If the disability is work-related, the employee is covered from the date the workers' compensation claim is approved.

## Major Chronic Conditions – STD

The seven-day elimination period for short-term disability benefits may be waived if the employee's condition is determined by the VSDP plan administrator to be a major chronic condition.



See the [Short-Term Disability Conditions](#) section of this chapter for an explanation of major chronic conditions.



An employee is diagnosed with lupus. During the first period of disability, the condition is not considered to be a major chronic condition. A seven-day elimination period is required. Later, during a subsequent period of disability absence, the condition is determined by the VSDP administrator to be a major chronic condition and the seven-day elimination period is waived.

## Workers' Compensation – STD

An employee may be eligible for workers' compensation benefits if the short-term disability is the result of a work-related injury or illness. Work-related short-term disability benefits are coordinated through VSDP, DHRM and the Office of Workers' Compensation.

Workers' compensation is the primary benefit. VSDP benefits are secondary and are offset by payments received under workers' compensation.

If both the workers' compensation claim and the short-term disability claim are denied then the employer will be responsible for recouping all short-term disability payments made to the employee while the workers' compensation decision was pending.

An employee receiving VSDP benefits cannot retire until all workers' compensation benefits have been paid and offset.



See the [Workers' Compensation Adjustments – STD](#) section of this chapter to determine how the VSDP payment is offset.

## Initiating a Claim – STD

An employee must notify their human resource office and file a claim with Alight within 14 days of the first day of the disability. For illnesses or injuries that are known in advance, such as for a scheduled surgery or childbirth, the employee should notify the human resource office and Alight as soon as possible. This ensures the request for benefits will be evaluated with no disruption or delay. An employee may not receive benefits more than 14 days before the date the disability is reported to Alight.

An employee who was hired before July 1, 2009 and incurs a work-related short-term disability must file a claim for benefits under both VSDP and the Workers' Compensation Act to receive the full benefits. While the workers' compensation claim is being reviewed, Alight will manage the disability as non-work-related.

If the employee was hired or rehired on or after July 1, 2009 and incurs a work-related disability during the first year of employment, the employee must file a claim for benefits under the Workers' Compensation Act. Once the work-related disability has been approved by the State Employee's Workers' Compensation Program, the employee must file a claim under VSDP with Alight.



To initiate the claim process, the employee must call Alight at 877-928-7021.

## Retroactive Claim Procedure – STD

VSDP will adjust short-term disability benefits retroactively for a period up to 14 calendar days from when a claim is initiated. It is the employee's responsibility to file the claim in a timely manner.



An employee becomes disabled on August 3 but uses 20 days of annual leave to cover one month's absence. The employee doesn't report their disability until August 31 and now wants the month to count toward VSDP benefits. The employer may only look back 14 calendar days prior to the day the disability is reported. The elimination period would be August 17-23 and short-term disability benefits are paid beginning on August 24. The employer adjusts the benefits retroactively for seven days and seven days of annual leave are restored to the employee.

## Introduction Packet – STD

When a short-term disability claim is initiated, Alight sends forms to the employee, to be returned to Alight or the employer, as instructed. The documents include:

- Attending Physician Statement (physician submits to Alight);
- Authorization for Release of Medical Information (employees submits to Alight);
- Short-Term Disability Repayment Form (employee submits to employer);
- Short-Term Disability Outside Earned Income Reporting Form (employee submits to employer);

## Reporting a Short-Term Disability

Employers must continue to report an employee who is on short-term disability.



- For reporting information and training materials regarding short-term disability benefits, visit [DOA](#) or [Alight](#) online.
- For general VRS reporting such as error adjustments, see the [Enroll and Maintain Employees](#) chapter of the Employer Manual.

# Income Replacement – STD

Employees hired or rehired on or after July 1, 2009 are eligible for non-work-related short-term disability benefits when they have completed one continuous year of employment.

## Private Insurance – STD

To bridge the one-year gap in VSDP coverage for non-work-related disabilities, an employee may purchase short-term disability insurance from an outside vendor. This coverage can be paid through payroll deduction. A list of vendors, as well as information on how an employee can enroll and sign up for payroll deduction, can be found on [The Provider Network website](#). The Commonwealth of Virginia does not endorse any outside vendors.

## Income Replacement (Non-Work-Related) – STD

The hire date and number of months of career state service determine the amount of income replacement an employee may receive. Career state service includes full-time and part-time salaried state service and absences for military leave, layoffs, temporary workforce reductions or periods of reduced hours or job restrictions while on disability.

Income replacement normally begins on the eighth calendar day of absence, after authorization by VSDP. However, the seven-day elimination period may be waived for catastrophic and major chronic conditions.

For an employee hired before July 1, 2009, use the chart at right to determine the income replacement levels for short-term disabilities.

Months of Career State Service	Workdays of Income Replacement at 100%	Workdays of Income Replacement at 80%	Workdays of Income Replacement at 60%
Less than 60	5	20	100
60 – 119	25	25	75
120 – 179	25	50	50
180 or more	25	75	25

For an employee hired or rehired on or after July 1, 2009, use the chart at right to determine the income replacement levels for short-term disabilities.

Months of Career State Service	Workdays of Income Replacement at 100%	Workdays of Income Replacement at 80%	Workdays of Income Replacement at 60%
Less than 12	0	0	0
13 – 59	0	0	125
60 – 119	25	25	75
120 – 179	25	50	50
180 or more	25	75	25



An employee hired on or after July 1, 2009, who completes five years of continuous service (which includes the one-year waiting period) will be eligible for income replacement at the higher levels.

## Income Replacement (Work-Related) – STD

For an employee with a work-related disability hired before July 1, 2009, use the chart at right to determine the income replacement levels for short-term disabilities.

Months of Career State Service	Workdays of Income Replacement at 100%	Workdays of Income Replacement at 80%	Workdays of Income Replacement at 60%
Less than 60	65	25	35
60 – 119	85	25	15
120 or more	85	40	0

For an employee with a work-related disability hired or rehired July 1, 2009 or after, use the chart at right to determine the income replacement levels.

Months of Career State Service	Workdays of Income Replacement at 100%	Workdays of Income Replacement at 80%	Workdays of Income Replacement at 60%
Less than 60	0	0	125
60 – 119	85	25	15
120 or more	85	40	0

An employee on a work-related claim who only receives a workers' compensation benefit does not continue to accrue VRS service when the 5% member contribution ends. The employee is eligible to purchase this period.

## Calculating Income Replacement – STD

If the employee's workers' compensation claim is approved, it becomes the primary disability benefit. The employee will receive 66⅔% of the average weekly wage at the time of the disability, within limits established by the State Employee's Workers' Compensation Program. VSDP will supplement this benefit up to the applicable income replacement level. The VSDP benefit supplements the workers' compensation benefit if the workers' compensation benefit is less than VSDP's guaranteed income replacement.

## Taxes on Benefits – STD

The benefits paid under (non-work-related) short-term disability are fully taxable. While the employee receives non-work-related disability benefits, pay for the following benefits are fully taxable:

- Disability credits;
- Annual leave;
- Family and personal leave;
- Other eligible leave used to supplement income replacement at 100%.

# Effect of Short-Term Disability on Leave

Sick leave may not be used to supplement the difference in pay during periods of short-term disability. However, the following may be used to supplement VSDP benefits to receive 100% pay during periods of 80 or 60% disability:

- Family and personal leave;
- Annual leave;
- Compensatory leave;
- Recognition leave;
- Overtime;
- Disability credits in eight-hour increments for any portion of the day, if available.

An employer may develop internal policies for verification of sick leave. Such policies should be reasonable, suited to the employer's business needs and consistent with the general guidance provided by DHRM.

## Annual Leave – STD

Annual leave is accrued based on an employee's percentage of full-time employment and total years of career state service. Leave continues to accrue for 90 consecutive calendar days while an employee is on short-term disability. After 90 days, the accrual stops. To begin accruing leave again, the employee must complete an entire pay period with no loss of pay. Paid time off is available for personal use, as approved by employer management.

An employee who does not have sufficient leave credits to continue full pay during the seven-day elimination period will be placed on leave without pay. The employee will begin accruing annual leave again only after completing an entire pay period with no loss of pay.

## Disability Credits – STD

An employee who elected to participate in VSDP during the 1999 and 2002 enrollments may have converted sick leave to disability credits, which can be used for income replacement. The credits are used in eight-hour increments; eight disability credits equal one day of 100% income replacement.

The use of disability credits for short-term disability income replacement is voluntary. An employee who has disability credits must notify the employer in writing to specify when the disability credits are to be applied to continue income replacement at 100% while on short-term disability. This notification should take place prior to the pay period in which the credits will be applied.



An employee received 25 workdays of short-term disability at 100% income replacement. The 26th through 100th workday of disability, the employee is to receive 80% income replacement. The employee has 800 disability credits and elects to use 600 disability credits to increase their income from 80% to 100% for the 75 workdays ( $75 \times 8 = 600$  credits). The employee is left with 200 disability credits remaining at the end of the 100th workday period. The employee then elects to use the remaining 200 credits to increase their income from 60% to 100% ( $25 \times 8 = 200$  credits) for the remaining 25 days of short-term disability.

# Short-Term Disability Conditions

If the employee's short-term disability condition meets the requirements outlined below, the employee may be eligible to have the seven-calendar-day waiting period waived or to receive higher income replacement.



For income replacement information, see the [Income Replacement – STD](#) section of this chapter.

## Major Chronic Conditions – STD

A short-term disability is determined to be a major chronic condition if it is a life-threatening health condition that exists over a prolonged period of time and is not expected to resolve in the foreseeable future. The employee must:

- Be determined to be disabled by a licensed treating healthcare professional;
- Have experienced a period of disability for the same condition within the last six months;
- Be under the ongoing care of a licensed treating healthcare professional.

The determination of a life-threatening health condition is made at the discretion of the VSDP plan administrator. All cases are reviewed and updated with additional medical information on an individual basis.

An employee may be approved for intermittent major chronic short-term disability. Absences may be in periods of a day, days or weeks. Each period of approved absence for the original short-term disability claim counts toward the 125-workday period for long-term disability. The employer should track the intermittent days as the 125-workday period. This time may count toward FMLA as well.

## Catastrophic Conditions – STD

A short-term disability is determined to be a catastrophic condition if an employee has a severe cognitive impairment requiring substantial supervision or is unable to perform at least two of the activities of daily living (ADL) without assistance. These activities are:

- Bathing;
- Dressing;
- Eating (ability to feed oneself);
- Controlling the bladder or bowel;
- Toileting (ability to get on and off the toilet and a reasonable level of personal hygiene);
- Transferring (getting in or out of bed or chairs).

Income replacement is at 80% of the pre-disability income as long as the employee's condition is considered catastrophic.

## Partial Disability – STD

A partial disability exists during the first 24 months following the onset of an injury or illness when an employee is earning less than 80% of pre-disability income and, as a result of the illness or injury, the employee is:

- Able to perform one or more, but not all of the essential functions of the employee's own job in an active employment status or on a part-time basis;
- Able to perform all the essential job functions of the employee's own job on a part-time basis only.

## Total Disability – STD

A total disability exists during the first 24 months following the onset of a short-term injury or illness when an employee is unable to perform all of the essential functions of the employee's own job, or after the initial 24 months following the onset of an injury or illness when an employee is unable to perform any job for which the employee is reasonably qualified and is earning less than 80% of pre-disability earnings.

## Successive Periods of Disability – STD

If an employee is released by the treating healthcare professional to return to the pre-disability position on a full-time, full-duty basis and again becomes disabled due to the same condition within 45 consecutive calendar days, it is considered a continuation of the same short-term disability claim.



If during the 45-day period, an employee misses at least a full day of work and seeks medical treatment on that day for the reason they were on claim, then the employee must satisfy a new 45-day period.

## If the Condition Becomes a New Disability – STD

A new period of short-term disability begins when the employee:

- Returns to work full-time/full-duty for 45 or more consecutive calendar days; or
- Experiences a new disability or illness during the 45-calendar-day period, unrelated to the first condition.

The employee must satisfy a new seven-day elimination period and income replacement begins again at:

- 100% of pre-disability income for an employee hired or rehired before July 1, 2009;
- 60% of pre-disability income for an employee hired or rehired on or after July 1, 2009 with less than 60 months of continuous state service.

## Adjustments to Benefits – STD

If an employee receives or is eligible to receive income and/or benefits from certain sources, the VSDP short-term disability benefits will be offset. When combined with the income from these other sources, the employee cannot receive more than 100% of pre-disability income. An employee is responsible for reporting any additional income to the employer. Employees who are overpaid are required to repay, with interest, any overpayment to their employer. Short-term disability benefit payments will be adjusted by any payable income from the following sources:

- Disability payments from the SSA or other similar government program benefits that the employee or the employee's family is entitled to as a result of the qualifying disability;
- Benefits paid under any other governmental disability program, including local government disability benefits, federal civil service benefits that are paid for the same disabling condition;
- Benefits received from any other state agency-sponsored group insurance contract for the purpose of providing income replacement for the same disabling condition (not including any disability insurance purchased directly by the employee);
- Benefits paid under any compulsory benefits law, such as workers' compensation, severance or unemployment compensation.

If the employee applied for the benefits under any of the programs listed above and has not yet been approved, the VSDP benefit will not be reduced until the approval has been obtained and benefits from the other program begin. Cost-of-living increases received in payments from sources listed above will not be considered in the offset of the VSDP short-term disability benefit.

## Calculating Adjustments – STD

Short-term disability payments are adjusted for wages and salary reported on W-2 forms and income from self-employment. To calculate the adjusted short-term disability income benefit, reduce the pre-disability income amount by the outside income and apply the appropriate percentage of income replacement. To determine the total weekly income, add the outside income to the adjusted short-term disability benefit.



An employee's pre-disability income is \$1,000 per week with \$500 per week from outside income. During short-term disability, the outside income offsets the pre-disability income and the employee receives the appropriate percentage of the remaining balance:

- 100% income replacement –  $(\$1,000 - \$500) \times 100\% = \$500$ ;
- 80% income replacement –  $(\$1,000 - \$500) \times 80\% = \$400$ ;
- 60% income replacement –  $(\$1,000 - \$500) \times 60\% = \$300$ .

## Overpayments – STD

An employee who is overpaid in short-term benefits is required to repay the employer. The repayment is with interest and is based on the earnings presumption rate in effect at the time.

VRS may also recover from the employee, with interest, payments due to:

- Falsification of statements;
- Falsification of any record knowingly made by or on behalf of the employee;
- The employee's failure to make any report of change in disability status.

## Workers' Compensation Adjustments – STD

If the short-term disability is work-related and the employee is receiving a workers' compensation benefit, the workers' compensation benefit is paid first. If the workers' compensation benefit is greater than the adjusted short-term disability benefit, no VSDP benefit is payable. The VSDP benefit, when combined with other income from employment, may not exceed 100% of the pre-disability income.

Lump-sum settlements under workers' compensation are prorated over the period during which the employee receives the VSDP disability benefit. Payments made under the Workers' Compensation Act for permanent partial disabilities and medical, legal or rehabilitation expenses are not included in determining the prorated amount.



An employee receives \$600 a week under workers' compensation. They accept a lump sum settlement amount of \$12,000, which includes a payment of \$6,000 to cover both medical and legal expenses. Subtracting the medical and legal expenses from the \$12,000 yields a net lump sum payment of \$6,000. This net lump sum of \$6,000 is divided by the \$600 per week payment they would have received if the employee had not accepted the settlement ( $\$6,000 \div \$600 = 10$  weeks). The VSDP supplemental benefit would apply as though the weekly workers' compensation benefit was being paid for a period of 10 weeks. After the 10 weeks, the full VSDP benefit is paid at the appropriate income replacement level.

## 9-, 10- and 11-Month Employees – STD

Employees who work on 9-, 10- or 11-month contracts and are paid over 24 pay periods are paid a base rate and retained earnings. If the employee has a short-term disability, which reduces the salary to 80% (and subsequently 60%), the percentage of pay reduction will be taken from both the base rate and the retained earnings.

## Disability During Non-Work Periods – STD

An employee may become injured or ill during a period while not at work. If the disability prevents the employee from returning to work at the start of the new contract, the employee may file a short-term disability claim at that time. The date of disability remains the same. Day one of the seven-calendar-day elimination period is the date of disability. Short-term disability benefits begin on the start date of the new contract period or on the eighth day following the elimination period, whichever is greater. The employee is eligible for the entire 125-day work period for short-term disability from the date the benefits begin.

## Non-Renewal of Employment Contract – STD

If an employee is receiving short-term disability benefits and the contract is not renewed, the short-term disability benefits end when the contract ends.



An employee's contract ends May 15 with no contract renewal. They become injured March 1. Short-term disability benefits end May 15 and the employee is terminated as of that date.

# Miscellaneous Issues – STD

## Retirement Benefits – STD

While on short-term disability, the employee continues to accrue service toward retirement and the health insurance credit unless the employee is only receiving a workers' compensation benefit and there is no 5% member contribution. The employee may purchase this period.

The employee also continues to pay only the employee share of health insurance premiums and continues both Basic Group and Optional Life insurance coverage. Contributions to the Commonwealth of Virginia 457 Deferred Compensation Plan (COV 457 Plan) are still allowed for an employee with a non-work-related disability.



For more information, see [Appendix 2: VSDP Benefits](#).

## Grant-Funded Positions – STD

The employer must provide short-term disability benefits to an eligible employee who works in a grant-funded position, even if the grant expires after the employee begins short-term disability. The employer may ask the organization providing the money for the grant-funded position to agree to pay for the short-term disability benefits.

## Performance Appraisals – STD

Performance appraisals for a classified employee should be completed according to the employer's policy for all employees on short-term disability. An employee who is not working will receive a salary increase, if awarded, based on the evaluation results. The increase is incorporated into the short-term disability benefits. After the employee returns to work, the employer should discuss the performance appraisal with the employee.

Absences for short-term disability under VSDP should not be used to negatively impact the employee's overall performance rating or performance increase. An employee is eligible for a retroactive performance increase upon completion of the performance evaluation if the evaluation is not current.

## Disciplinary Suspension or Termination – STD

If an employee receives a disciplinary suspension or termination while receiving short-term disability benefits, the benefits stop as of the date of suspension or termination.

An employee placed on suspension in the following circumstances is not eligible to receive VSDP benefits during the period of suspension:

- Pending investigation;
- Pending the outcome of employment related court action;
- Pending the outcome of disciplinary suspension.<sup>7</sup>

Depending on the case facts, the employee may not be eligible for workers' compensation benefits.

If an investigation is initiated and the employee goes on short-term disability, the investigation should continue and be completed. Even if the employee is on short-term disability, the employee may still be terminated. If the employee is reinstated in a covered position, benefits will be retroactive from the date of disability.

<sup>7</sup> See DHRM Policy 1.60, Standards of Conduct.

## Adjustments for Severance – STD

VSDP short-term disability benefits are offset by severance payments. An employee who is still disabled at the end of severance or who is on leave without pay - layoff will continue to receive VSDP short-term disability benefits, as long as the illness or disability continues to be clinically and administratively approved.

Workers' compensation benefits are not offset by severance benefits; however, the VSDP portion received by the employee is offset by severance.

## Holiday Pay – STD

An employee on short-term disability receives 100%, 80% or 60% (depending on the employee's benefit income level as of the holiday) for the hours the employee does not work on the holiday, provided the disability absence is authorized. An employee at 80% or 60% benefit level may use annual leave and/or family and personal leave to receive 100% income replacement. Holidays count toward the seven-day elimination period.



During the seven-day elimination period, count any holidays toward the required seven consecutive calendar days. Once the employee begins to receive short-term disability benefits, the employer will pay the employee holiday leave based on the level of short-term disability benefit (100%, 80% or 60%). If the employee is receiving less than 100% benefit on the holiday, the employee will have to use accrued leave to supplement to 100%.

## End of Benefits – STD

Short-term disability benefits end when the employee does one of the following:

- Returns to work on a full-time, full-duty basis;
- Takes a refund of the VRS contributions and interest;<sup>8</sup>
- Is no longer medically eligible;
- Receives long-term disability benefits;
- Does not cooperate or comply with the requirements of VSDP;
- Begins to receive a VRS service retirement benefit;
- Dies.



An employee is not allowed to take service retirement while receiving workers' compensation benefits.

Employees who fail to comply with the VSDP requirements during short-term disability periods, such as return-to-work arrangements or vocational rehabilitation, may have benefits reduced to at least 50% or ceased entirely. The employee may also be subject to disciplinary action, up to and including termination from the program and from employment.<sup>9</sup>

If the employee dies during short-term disability, the employee's survivor may be eligible for a benefit. The survivor should contact the employer's human resource office for more information about death-in-service survivor benefits.

<sup>8</sup> See the [Refunds chapter](#) of the Employer Manual for more information.

<sup>9</sup> See DHRM Policy 1.60, Standards of Conduct.

# Returning to Work – STD

The employer is responsible for establishing specific policies and procedures and creating opportunities for the employee to be able to return to work after a short-term disability. The goal is the employee's safe return to gainful employment, though the return to the same agency and position is not guaranteed.

This section applies to employees who have met the 12-month eligibility requirements and have gone out on short-term disability.

## Executive Order 109 – STD

Executive Order 109 (2010) ensures that all executive branch departments, agencies and institutions of higher learning follow guidelines about workplace safety and employee health. The employer should:

- Evaluate and modify the agency's workers' compensation return-to-work policy to include non-work-related periods of short-term disability;
- Cooperate with DHRM and VRS to establish return-to-work opportunities appropriate for the individual employee and employer;
- Include goals in manager performance expectations to reduce employee work-related and non-work-related short-term disability time;
- Establish strategies and practices to reduce lost time and to support the safe resumption of work for employees;
- Evaluate annually those cases where an employee is unable to return to work in a transitional and/or permanent capacity;
- Report employer goals and strategies to reduce lost time by October 1 of each year to VRS and DHRM.

To support Executive Order 109 initiatives and goals, VRS and DHRM will:

- Review employer goals and strategies;
- Provide training, consultation and support for employer initiatives;
- Report non-compliance with the provisions of Executive Order 109 and report annually to the governor on progress made in improving workplace safety and returning employees to work.



For more information, see the [Workers' Compensation page](#) on the DHRM website.

## Return-to-Work Programs – STD

Alight, the employer’s human resource office and the employee’s licensed treating healthcare professional work together to coordinate an employee’s return to work after a short-term disability. If the employee cannot return full-time, full-duty, the human resource office provides an Employee Work Profile to Alight.

The Employee Work Profile is reviewed and an evaluation is prepared to determine physical activities the employee can safely perform. The evaluation covers how long the employee can sit, stand, walk or drive and how many pounds the employee can safely lift or carry. The human resource office determines whether the employer is able to accept the temporary job modifications.

Each employer should have specific policies and procedures that include the maximum length of time temporary accommodations may be offered to an employee. If the employer offers a return-to-work program, the employer should notify the employee of the date the employee is expected to return and the period of time the program will be offered.

An employee continues to receive VSDP short-term disability benefits while working under a return-to-work program. The VSDP benefit is adjusted by any income earned while in the program.

Employees may also return to work immediately if they present a note from a licensed treating healthcare professional (“treatment provider”) releasing them to return to work full-time and full-duty prior to the authorized end date. The employer should fax the note to and then call Alight to verify the note is from the licensed treating healthcare professional who certified the disability.

If the treatment provider’s note indicates restrictions, the employer should review the request and determine if the restrictions can be accommodated. If Alight confirms the treatment provider’s note is from the licensed treating healthcare professional that certified the disability, the employee may return to work immediately.

## Additional Resources from Alight – STD

VSDP provides medical and vocational case management plans during periods of short-term disability. The employee may be required to participate in such a plan while receiving short-term disability benefits. The plan may be a medical plan prescribed by a licensed treating healthcare professional or a vocational rehabilitation or a return-to-work plan coordinated on the employee's behalf by Alight, the employer or a rehabilitation services provider. The plan must be consistent with the licensed treating healthcare professional's recommendations regarding the employee's ability to return to work.

The first priority is to return the employee to the same job and agency. If that is not possible, Alight will work with the employee, the employer's human resource office and the licensed treating healthcare professional to attempt to return the employee to another position. Placement options may include working at the same agency in a different job, working at another agency or working in a non-state position.

The vocational rehabilitation counselor will take the following into account in working with the employee on a formal vocational rehabilitation plan:

- Physical/mental capabilities;
- Educational background;
- Work history;
- Transferable skills;
- Pre-disability wages and salary;
- Interests;
- Aptitudes.

The purpose of return-to-work and vocational rehabilitation plans is to return the employee to work safely. If the employee does not comply with the plan, short-term disability benefits may be reduced or discontinued and the employee may be subject to disciplinary action or termination from the job.

If work is arranged through a vocational, rehabilitation or return-to-work program, or if an employee returns to work with job modifications or reduced hours, the days worked are not counted in determining the duration of the return-to-work period.

## Leave Accruals – STD

An employee on short-term disability does not receive sick leave or family and personal leave if receiving disability benefits on January 10. Leave is only applied when the employee returns to active employment.

An employee in a short-term disability working status receives the yearly VSDP leave allotments (sick, family and personal leave) based on the employee's full-time or part-time status. If the employee is ready to return to full-time work and was working less than 100%, then the employee would receive the difference between what the employee would have received in a full-time status and what the employee received for part-time status. Accruals begin at the pre-disability rate.



A full-time employee with 65 months of service receives 72 hours of sick leave and 32 hours family and personal leave. If the employee returns in a part-time status in February, they will receive 32 hours of sick leave and 32 hours of family and personal leave. When the employee returns to full-time duty, 40 hours of sick leave will be added ( $32 + 40 = 72$ ), but no additional family and personal leave will be added.

An employee who is working while on short-term disability status and then goes back into non-working status continues to accrue annual leave for a period of 90 consecutive workdays following the return to full short-term disability. The 90-day workday provision begins any time an employee returns to short-term disability from a short-term disability working status.<sup>10</sup>

<sup>10</sup> See DHRM Policy 4.10, Annual Leave.

# Responsibilities – STD

Each of the following key parties work to make the disability process as easy as possible and return the employee to work as soon as the employee is medically able.

## Employee – STD

Throughout the period of short-term disability, an employee must comply with any medical or vocational rehabilitation requirements that Alight has established, reporting to the employer any outside income received and communicating with the supervisor. The employee:

- Initiates the short-term disability claim by contacting Alight and a human resource representative;
- Returns the Attending Provider Statement and Medical Authorization Form to Alight;
- Complies with any return-to-work initiatives prepared by the employer;
- Stays in regular contact with the supervisor;
- Complies with any vocational and physical rehabilitation requirements;
- Advises the employer if they wish to use disability credits;
- Works with the licensed treating healthcare professional to ensure the timely delivery of medical information to Alight;
- Reports all outside earned income while on disability by returning the Repayment Agreement and Outside Earned Income Reporting Form to the employer.

## Employer – STD

The employer helps the employee throughout the entire short-term disability period. The employer:

- Advises the employee of the impact of FMLA on the period of disability;
- Pays the employee while the employee is on short-term disability;
- Communicates with the employee throughout the period of disability;
- Discusses with the employee which leave type to use, including disability credits, to cover the seven-day elimination period and period of short-term disability when income goes below 100%;
- Works with Alight to develop return-to-work plans for short-term disabilities;
- Assists the employee in returning to work when it is medically advisable to do so.

## Licensed Treating Healthcare Professional – STD

The employee's licensed treating healthcare professional helps the employee return to work after a short-term disability. The licensed treating healthcare professional:

- Receives the employee's signed medical release form;
- Provides the employee's medical information to Alight;
- Participates in planning for the employee's rehabilitation throughout the period of disability;
- Coordinates the employee's return-to-work efforts with Alight and the employer.

## Alight – STD

Alight, the third-party administrator for VSDP, serves as the coordinator of the short-term disability process. Alight:

- Opens the claim and advises the employee of the next steps;
- Mails an information packet to the employee upon notification of a new claim;
- Receives the employee's medical information from the employee's physicians;
- Reviews the claim and approves or denies it;
- Advises both the employer and the employee of the claim status;
- Advises the employer of any of the employee's additional reported income that will offset the benefit payments;
- Coordinates the return-to-work program with the employer and physician;
- Manages any issues of non-compliance.

## DHRM – STD

DHRM is responsible for guiding key parties through short-term disability policies. DHRM:

- Provides policy guidance to VRS in administering VSDP;
- Provides policy interpretation to employers;
- Coordinates workers' compensation claims with Alight and administers the State Employee's Workers' Compensation Program.

# Section 5: Long-Term Disability (LTD)

Long-term disability benefits provide income replacement for an employee who becomes disabled and is unable to work for an extended period of time. Long-term disability is a non-work-related or work-related condition that prevents the employee from performing the full duties of the job for an extended period of time. A work-related disability is the result of an occupational illness or injury that occurs on the job and the cause is determined to be work-related under the Virginia Workers' Compensation Act. Long-term disability benefits begin at the expiration of the maximum period of short-term disability.

While on long-term disability, the employee continues to accrue service as a VRS-covered member. Long-term disability participants are not considered employees of the Commonwealth of Virginia while on long-term disability and the employer is allowed to recruit for and to fill the position.

Long-term disability is in effect when the employee:

- Is not working at all;
- Is working at the agency for less than 20 hours per week in a full-time position;
- Is working at the agency for less than 20 hours per week in a qualified part-time position.

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## Elimination Period – LTD

Long-term disability benefits provide income protection to an employee who has been on short-term disability for 125 workdays.

For major chronic conditions, the 125 workdays are cumulative, not consecutive, and can be interrupted by periods of work that is full-duty and full-time for less than 45 consecutive calendar days. If an employee returns to work for 45 or fewer consecutive calendar days during the 125-workday period and cannot continue to work, the periods of work are not counted toward the 125-workday period.

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## Introduction Packet – LTD

In the fifth month of the short-term disability period, Alight sends a long-term disability introduction packet to the employee. The packet includes a letter encouraging the employee to use Allsup, the free SSDI assistance provider. The packet also includes forms that Alight uses to transition the employee into long-term disability status and should be returned to Alight. The documents include:

- Long-term disability Repayment Agreement;
- Authorization for Release of Medical Information;
- Outside Earned Income Reporting Form;
- W-4;
- Request for Health Insurance Credit.

## Income Replacement – LTD

For employees hired before July 1, 2009, long-term disability benefits provide income replacement of 60% of the pre-disability income, including any salary increases received while on short-term disability. Income replacement is 80% for a catastrophic condition.



For more information, see the [Long-Term Disability Conditions](#) section of this chapter.



An employee's pre-disability income was \$5,500 per month. Their long-term disability benefit would be \$5,500 times 60%, or \$3,300 per month.

An employee who receives long-term disability benefits every month during a full calendar year (January 1 to December 31) becomes eligible for a cost-of-living adjustment (COLA) on the following July 1 if the employee is still on long-term disability, provided a COLA is authorized by the VRS Board of Trustees.

If the employee's workers' compensation claim is approved, it becomes the primary long-term disability benefit. The employee will receive 66⅔% of their average weekly salary at the time of the disability, within limits established by the State Employee's Workers' Compensation Program. VSDP will supplement this benefit up to the applicable income replacement level. The VSDP benefit supplements the workers' compensation benefit if the workers' compensation benefit is less than the VSDP guaranteed income replacement.

## Employment Status – LTD

An employee on long-term disability is considered to be an inactive employee of the Commonwealth. As a result, the return to the pre-disability position is not guaranteed. Creditable service is earned during periods of long-term disability and counts toward the five years required for vesting and toward VRS service retirement. Service cannot be purchased during periods of long-term disability.

If the employer has not filled the employee's pre-disability position at the time the employee is ready to return to full-time duty, the employee may return to the original position. Otherwise, return to full-time, covered employment must be accomplished through the competitive recruitment process.

## SSDI Benefits – LTD

An employee who is going into long-term disability is required to apply for SSDI benefits if Alight advises to do so. Alight provides SSDI filing assistance through Allsup at no cost to the member. If the member does not use this service, the VSDP long-term disability benefit will be reduced by an estimated SSDI benefit amount during the SSDI application process.

An employee who does not apply is sent an SSDI Suspend Pay letter. The letter informs the employee that disability benefits from Alight will cease until the employee:

- Provides evidence of applying for SSDI;
- Receives an SSDI award.

The letter instructs the employee on how to apply for SSDI if the employee has not already done so. It also provides the mailing address to mail evidence if the employee has already applied for SSDI.

# Workers' Compensation – LTD

Work-related long-term disability benefits are coordinated through VSDP, DHRM and the Office of Workers' Compensation.

Workers' compensation is the primary benefit. VSDP benefits are secondary and are offset by payments received under workers' compensation. VSDP supplemental payments will not exceed 60% of the employee's pre-disability income (80% in the case of a catastrophic disability), adjusted for any wages and salary from employment.

An employee receiving VSDP benefits cannot take service retirement until all workers' compensation benefits have been paid and offset.



See the [Workers' Compensation Adjustments – LTD](#) section of this chapter to determine how the VSDP payment is offset.

## Effect on Leave – LTD

### Sick Leave – LTD

Sick leave cannot be used to supplement the difference in pay between the 60% received under long-term disability and the employee's full-time salary. Employees will not be compensated for unused balances when transitioning from short-term disability (or long-term disability working) to long-term disability or to long-term disability working.

An employee on long-term disability working status will receive the sick leave allotment on January 10 of the new calendar year. The employee will receive either the full-time or part-time work allotment based on the hours the employee is working.

An employee who is on long-term disability status on January 10 will not receive any new sick leave until returning to active employment. If the employee did not receive the leave on January 10, credits are applied based on the employee's months of state service as of January 10. If the employee received leave for the year and is returning prior to January 10, any leave lost when transitioning to long-term disability will be restored.

Time spent on long-term disability does not count toward months of service for accruals.

### Family and Personal Leave – LTD

The employee may not use any unused family and personal leave to supplement the difference in pay between the percentage received under long-term disability and the employee's regular, full-time salary. An employee is not paid for any unused family and personal leave when moving from short-term disability to long-term disability.

An employee on long-term disability working status will receive the allotment on January 10 of the new calendar year. The employee will receive either the full-time or part-time work allotment based on the hours they are working. An employee who is on long-term disability working can use the leave for income replacement.

An employee who is on long-term disability status on January 10 will not receive any new family and personal leave until returning to active employment. If the employee did not receive the leave on January 10, credits are applied based on the employee's months of state service as of January 10. If the employee received leave for the year and is returning prior to January 10, any leave lost when transitioning to long-term disability will be restored. Time spent on long-term disability does not count toward months of service for accruals.

## Annual Leave – LTD

The employer should pay the employee the balance of accrued annual leave, up to the maximum allowed under policy, when the employee goes from short-term disability into long-term disability. The annual leave is paid at the rate of the employee's pre-disability income.

During long-term disability, the employee does not accrue additional annual leave. An employee who returns to active employment within 18 months may repurchase all or part of the annual leave that was paid out. The cost is at the lesser of:

- The employee's current rate of pay;
- The rate at which the leave was paid out.

An employee who returns to full-time work will begin to accrue annual leave based on a percentage of full-time employment.



If an employee works 50% of a full-time position, they will accrue annual leave at 50% of the full-time rate.

The employee must complete a full pay period before accruals begin. Time spent on long-term disability does not count toward years of service for accruals.



If the employee is on long-term disability working, they are not paid annual leave and may use the leave for income replacement.

## Disability Credits – LTD

An employee who elected to participate in VSDP during the 1999 and 2002 enrollments may have converted sick leave to disability credits. Disability credits are sick leave balances that were converted to credits at the time of enrollment, to be used for income replacement. The credits are used in eight-hour increments; eight disability credits equal one day of 100% income replacement.

At the onset of long-term disability, Alight applies any disability credits for income replacement for the period of 60% pay (80% for catastrophic conditions). The employer must provide to Alight the number of disability credits remaining at the time the employee enters into long-term disability. The use of these disability credits is mandatory.



An employee who is on long-term disability working has the option to use disability credits for income replacement or not.

If less than eight hours of disability credits remain, the employer pays the employee at the start of long-term disability. An employee who has five or more years of classified service will be paid 25% of the remaining credits, up to \$5,000.

## Overtime Leave and Compensatory Leave – LTD

The employer should pay the employee the balance of accrued overtime leave and compensatory leave when the employee goes from short-term disability into long-term disability.



An employee who is on long-term disability working is not paid for overtime and compensatory leave. The employee can use the leave for income replacement.

## Taxes on Benefits – LTD

The benefits paid under (non-work-related) long-term disability are fully taxable. While the employee receives non-work-related disability benefits, pay for the following benefits are fully taxable:

- Disability credits;
- Annual leave;
- Family and personal leave;
- Other eligible leave used to supplement income replacement at 100%.



# Long-Term Disability Conditions

An employee whose long-term disability condition meets the requirements outlined below may be eligible for higher income replacement.



For income replacement information, see the [Income Replacement – LTD](#) section of this chapter.

## Major Chronic Conditions – LTD

A long-term disability is determined to be for a major chronic condition if it is a life-threatening health condition that exists over a prolonged period of time and is not expected to resolve in the foreseeable future. The employee must:

- Be determined to be disabled by a licensed treating healthcare professional;
- Have experienced a period of disability for the same condition within the last six months;
- Be under the ongoing care of a licensed treating healthcare professional.

The determination of a life-threatening health condition is made at the discretion of the VSDP plan administrator. All cases are reviewed and updated with additional medical information on an individual basis.

## Catastrophic Conditions – LTD

If it is determined that the long-term disability is for a catastrophic condition, the 60% income replacement level may be increased to 80% for the duration of the disability. Alight will consult with the employee's licensed treating healthcare professional and determine if the employee's condition is catastrophic and when the 80% disability payments begin.

A long-term disability is determined to be catastrophic if an employee has a severe cognitive impairment or is unable to perform at least two of the activities of daily living (ADL) without assistance. These activities are:

- Bathing;
- Dressing;
- Eating (ability to feed oneself);
- Controlling the bladder or bowel;
- Toileting (ability to get on and off the toilet and a reasonable level of personal hygiene);
- Transferring (getting in or out of bed or chairs).

The employee may also be eligible for catastrophic disability benefits if placed in a guardianship or under supervision because of a severe cognitive impairment, such as Alzheimer's disease.

If the employee's condition improves so the employee no longer meets the criteria for catastrophic disability, but is still on long-term disability, the income replacement returns to 60% of the pre-disability income.



VSDP benefits are secondary and are offset by payments received under workers' compensation. VSDP supplemental payments will not exceed 80% of the employee's pre-disability income for catastrophic conditions.

## Successive Periods of Disability – LTD

If the employee returns to work and is able to perform the full duties of the pre-disability job without any restrictions but becomes disabled again from the same condition within 125 workdays, the disability is considered to be a continuation of the prior long-term disability. The employee goes on long-term disability with no elimination period.

This condition applies if an employee returns to the pre-disability job full-time and performs the full duties of the job. After 24 months, this condition applies if the employee returns to the pre-disability job or any job for which the employee is reasonably qualified to perform based on training and experience.

An employee who becomes disabled from the same condition after returning to work for 125 workdays or more will need to file a claim for a new period of short-term disability and satisfy the seven-day elimination period. The employee must still be working in a VSDP-eligible position.

If work is arranged through a vocational rehabilitation program or return-to-work program, of if the employee returns to work with job modifications or reduced hours, the days worked are not counted as part of the 125-workday limitation.

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## Adjustments to Benefits – LTD

Long-term disability benefits are adjusted by any benefits payable as a result of the same disability. Employees cannot receive more than 100% of their pre-disability income.

The employee is responsible for reporting any additional income to Alight using the Outside Earned Income Reporting Form (for long-term disability) included in the VSDP introductory packet. An employee who is overpaid is required to repay, with interest, any overpayment to Alight.

Long-term disability benefit payments will be adjusted by any income from the following sources:

- Wages and salary received from employment, including income reported on W-2 forms and income from self-employment;
- Disability payments from the SSA or other similar government program benefits that the employee or their family is entitled to as a result of the qualifying disability;
- Benefits paid under any other governmental disability program, including local government disability benefits or federal civil service benefits that are paid for the same disabling condition;
- Benefits payable from any other state agency-sponsored group insurance contract for the purpose of providing income replacement for the same disabling condition (not including any disability insurance purchased directly by the employee);
- Benefits paid under any compulsory benefits law, such as workers' compensation, severance or unemployment compensation.

Cost-of-living increases received in payments from sources listed above will not be considered in the offset of the VSDP benefit.

Disability benefit payments are offset by any amount from any of the above payment sources, whether or not the employee receives the payments. This includes cases where the employee is denied benefits and fails to appeal the denial. However, any benefits that are denied on an appeal that was requested by Alight will not reduce the employee's disability payment.

Benefits under any of the programs listed above that have been applied for, but not yet approved, will not reduce the employee's disability benefit until the approval has been obtained and the benefits from the other program begin. If the benefits from other programs are made retroactively, appropriate adjustments will be made to collect the overpayment.

## Calculating Adjustments – LTD

Benefits are adjusted by any salary and wages from employment during the first six months of long-term disability, based on the income level the employee receives under VSDP.



The employee's pre-disability income is \$5,500 per month and they are working 50% of their normal hours, earning \$2,750 per month.

- $\$5,500$  (pre-disability income)  $\times$  60% =  $\$3,300$  (disability benefit);
- $\$2,750$  (earned wages and salary from employment)  $\times$  60% =  $\$1,650$ ;
- $\$3,300 - \$1,650 = \$1,650$  (adjusted long-term disability benefits);

The earned income of \$2,750 added to the adjusted long-term disability benefit of \$1,650 gives the employee \$4,400 of income from the combined sources.

After the first six months of long-term disability, benefits are adjusted by 70% of wages and salary from employment.



The employee's pre-disability income is \$5,500 per month and they are working 50% of their normal hours, earning \$2,750 per month.

- $\$5,500$  (pre-disability income)  $\times$  60% =  $\$3,300$  (disability benefit);
- $\$2,750$  (earned wages and salary from employment)  $\times$  70% =  $\$1,925$ ;
- $\$3,300 - \$1,925 = \$1,375$  (adjusted long-term disability benefits);

The earned income of \$2,750 added to the adjusted long-term disability benefit of \$1,375 gives the employee \$4,125 of income from the combined sources.

## Overpayments – LTD

An employee who is overpaid in long-term benefits is required to repay Alight. VRS may also recover from the employee, with interest, payments due to:

- Falsification of statements;
- Falsification of any record knowingly made by or on behalf of the employee;
- The employee's failure to make any report of change in disability status.

This recovery may be made in one of the following ways:

- As an offset of future VSDP payments due to the employee;
- By payment from an employee's refund;
- By payment from an employee's life insurance benefit;
- By offset to the employee's retirement benefit;
- By action of law against the employee.

For an overpayment due to an award of SSDI benefits, the employee is sent an Overpayment letter and a calculation of overpayment. Unless the overpayment is returned to Alight, the employee's benefits are applied to the overpayment until it has been paid. Alight may recover the overpayment through increments from future benefit payments or the employee may pay the amount in full.

## Workers' Compensation Adjustments – LTD

If the long-term disability is work-related and the employee is receiving a workers' compensation benefit, the workers' compensation benefit is paid first. If the workers' compensation benefit is greater than the adjusted long-term disability benefit, no VSDP benefit is payable for an employee on long-term disability working status. Instead, the total income is the workers' compensation benefit plus the full amount of the employee's earned income. The VSDP benefit, when combined with other income from employment, may not exceed 100% of the pre-disability income.

Lump-sum settlements under workers' compensation are prorated over the period during which the employee receives the VSDP disability benefit.

Payments made under the Workers' Compensation Act for permanent partial disabilities and medical, legal or rehabilitation expenses are not included in determining the prorated amount.



An employee receives \$600 a week under workers' compensation. They accept a lump sum settlement amount of \$12,000, which includes a payment of \$6,000 to cover both medical and legal expenses. Subtracting the medical and legal expenses from the \$12,000 yields a net lump sum payment of \$6,000. This net lump sum of \$6,000 is divided by the \$600 per week payment they would have received if they had not accepted the settlement ( $\$6,000 \div \$600 = 10$  weeks).

The VSDP supplemental benefit would apply as though the weekly workers' compensation benefit was being paid for a period of 10 weeks. After the 10 weeks, the full VSDP benefit would be paid at the appropriate income replacement level.

## 9-, 10- and 11-Month Employees – LTD

An employee who transitions into long-term disability before the end of the contract period remains on long-term disability benefits the same as any other employee as long as the disability continues to be certified for benefits. Alight will continue to work with the employee upon the return to work, if feasible, but the return will not be to the employee's pre-disability position if there was a non-renewal of the contract.

## Non-Pay Status – LTD

Even if an employee does not receive pay during periods not worked (e.g., summer), the time on disability counts toward long-term disability benefits until released by the licensed treating healthcare professional to return to active employment.



An employee on an 18-period pay cycle is injured and initiates a VSDP claim in May. They are not expected to be able to return to work until November. Even though they do not receive pay or benefits in June, July and August, the days count toward the long-term disability period.

## Non-Renewal of Employment Contract – LTD

An employee who transitions to long-term disability before the end of the contract period remains on long-term disability as long as the disability continues to be certified for benefits. Alight will continue to work with the employee to return to work if possible, but the return will not be to the employee's pre-disability position because there was a non-renewal of the contract. The employee is responsible for continuing to report to Alight for case management.

# Miscellaneous Issues – LTD

## Retirement Benefits – LTD

Service credited during long-term disability counts toward VRS service retirement and the health insurance credit. No employer or employee contributions are to be reported to VRS by the employer.



For more information about the benefits available, see [Appendix 2: VSDP Benefits](#).

## Performance Appraisal – LTD

An employee on long-term disability will not have a performance evaluation and will not be awarded any performance increase.

An employee on long-term disability working is evaluated according to the employer's policies and procedures. If the employee receives a performance increase, it will be applied to the hours worked. The increase will not be applied to the long-term disability supplemental benefit. The employee's long-term disability working status must not negatively impact the employee's overall performance rating or performance increase.

An employee is eligible for a retroactive performance increase upon completion of the performance evaluation if the evaluation is not current.

## Disciplinary Suspension or Termination – LTD

If an employee receives a disciplinary suspension or termination while receiving long-term disability benefits, the benefits stop as of the date of suspension or termination.

An employee placed on suspension in the following circumstances is not eligible to receive VSDP benefits during the period of suspension:

- Pending investigation;
- Pending the outcome of employment related court action;
- Pending the outcome of disciplinary suspension.<sup>11</sup>

Depending on the case facts, the employee may not be eligible for workers' compensation benefits. If the employee is reinstated in a covered position, benefits will be retroactive from the date of disability.

# End of Long-Term Disability

Long-term disability benefits end when the employee:

- Is able to perform the full duties of the pre-disability job without any restrictions during the first 24 months of disability;
- Is able to perform the regular duties of any job for which the employee is reasonable qualified after 24 months of disability or earns 80% or more of the pre-disability income;
- Takes a refund of the VRS contributions and interest;<sup>12</sup>
- Is no longer medically eligible;
- Does not cooperate or comply with the requirements of VSDP;
- Begins to receive a VRS service retirement benefit;
- Dies.



An employee is not allowed to take service retirement while receiving workers' compensation benefits.

If the employee dies during long-term disability, the employee's survivor may be eligible for a benefit. The survivor should contact the employer's human resource office for more information about death-in-service survivor benefits.

<sup>11</sup> See DHRM Policy 1.60, Standards of Conduct.

<sup>12</sup> See the [Refunds chapter](#) of the Employer Manual for more information.

# Returning to Work – LTD

The employee will continue to receive VSDP long-term disability benefits while working under a return-to-work program. However, the VSDP benefit will be adjusted by any income earned while in the program. In addition, the employee continues to receive the VRS health insurance credit and is billed directly for healthcare premiums.

It is up to the individual employer to determine whether or not to hold a position open for an employee out on long-term disability, even if the employee is tenured. There is no guarantee of positions being held when an employee is on long-term disability.

## Long-Term Disability Working

An employee is eligible to receive long-term disability benefits while working. Long-term disability working status is in effect if the employee is able to work 20 or more hours a week but is restricted from performing the full duties of the job or from working a regular schedule. Long-term disability working status also applies to an eligible part-time employee.



An employee who drops below 20 hours moves to long-term disability and may not return to long-term disability working status.

To receive long-term disability benefits while working, the employee must have been in short-term disability working status on the 125<sup>th</sup> workday of the elimination period. An employee who is not in short-term disability working status on the 125<sup>th</sup> workday cannot be placed on long-term disability working on the 126<sup>th</sup> workday.

The employer should submit the employee's wages to Alight to report wages paid during the month. In addition, the employer should review the employee's long-term disability working status every 30 days to ensure the employer can continue the restrictions. If the employer cannot continue the restrictions, the employee is placed back into long-term disability status.



If the employee receives workers' compensation benefits while on long-term disability working, retirement begins at the time the workers' compensation benefits cease, if the employee is beyond normal retirement age.

## Medical and Vocational Rehabilitation – LTD

An employee may be required to participate in a rehabilitation plan while receiving long-term disability benefits. The goal is to assist the employee with rehabilitation and a safe return to gainful employment. When an employee goes on long-term disability, it may not be possible to return to the same job and agency because the previous position may no longer be available. The plan may be either:

- A medical plan prescribed by the licensed treating healthcare professional;
- A vocational rehabilitation or return-to-work plan coordinated by Alight or a rehabilitation services provider.

The plan must be consistent with the licensed treating healthcare professional's recommendations regarding the employee's ability to return to work.

The following will be taken into consideration when the vocational case manager assists with writing and implementing the employee's formal vocational rehabilitation plan:

- Physical/mental capabilities;
- Educational background;
- Work history;
- Transferable skills;
- Pre-disability wages and salary;
- Interests;
- Aptitudes.

If the employee does not comply with vocational rehabilitation services, the long-term disability benefits may be reduced by at least 50% or stopped. In addition, the employee may be subject to termination from the program.

# Responsibilities – LTD

Each of the following key parties works to make the long-term disability process as easy as possible and to return the employee to work as soon as medically able.

## Employee – LTD

Throughout the period of long-term disability, an employee must comply with any medical or vocational rehabilitation requirements that Alight has established, reporting to Alight any outside income received and communicating with the supervisor. The employee:

- Signs and returns information sent by Alight;
- Completes the Health Insurance Form to continue coverage, if electing to do so;
- Complies with return-to-work initiatives;
- Uses any remaining disability credits;
- Complies with assigned vocational rehab and/or other rehab services.

## Employer – LTD

The employer is responsible for helping the employee during the transition from short-term disability to long-term disability. The employer:

- Pays the employee for any annual, compensatory or overtime leave;
- Transfers disability credits (if applicable) to Alight;
- Communicates COBRA and other benefit information to the employee;
- Communicates that the job is or is not being held;
- Provides the Health Insurance Form to the employee;
- Discontinues paying short-term disability benefits;
- Discontinues reporting the employee to VRS;
- Keys the appropriate transaction in Cardinal Human Capital Management (HCM).

## Licensed Treating Healthcare Professional – LTD

The employee's licensed treating healthcare professional plays an important role in helping the employee return to work after a long-term disability. The licensed treating healthcare professional:

- Receives a copy of the medical release form;
- Provides medical information to Alight;
- Participates in planning for the employee's rehabilitation;
- Works with Alight, the employer and the employee with the return to work.

## Alight – LTD

Alight, the third-party administrator for VSDP, serves as the coordinator of the long-term disability process. Alight:

- Mails the long-term disability packet to the employee;
- Obtains medical information;
- Approves or denies the claim;
- Pays the employee directly for long-term disability benefits and the health insurance credit, if applicable;
- Reports the employee to VRS.

# Section 6 – Long-Term Care (LTC)

VRS administers the VSDP Long-Term Care Plan and the Commonwealth of Virginia (COV) Voluntary Group Long-Term Care Insurance Program.

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## VSDP Long-Term Care (State Employees)

The VSDP Long-Term Care Plan provides benefits for an employee who needs help with everyday life tasks because of a prolonged health problem or following a major illness or injury. The VSDP Long-Term Care Plan helps pay for eligible services not covered by other health plans or Medicare.

### Eligibility – LTC

All active employees who are covered under VSDP are covered under the VSDP Long-Term Care Plan at no cost to themselves. An employee who began long-term disability benefits prior to March 1, 2002 and never returned to covered employment is not eligible for long-term care coverage. The VSDP Long-Term Care Plan assists with the cost of:

- Care in a nursing home or hospice facility;
- Assisted living facility care;
- Community-based care;
- Home healthcare services;
- Informal caregiving;
- Alternative or transitional care.

Long-term care benefits are payable 90 calendar days following the beginning of each incident when a licensed treating healthcare professional certifies the employee:

- Is unable to perform at least two of the six activities of daily living without substantial assistance; or
- Has a severe cognitive impairment requiring substantial supervision.

Activities of daily living are:

- Bathing;
- Dressing;
- Eating (ability to feed oneself);
- Controlling the bladder or bowel;
- Toileting (ability to get on and off the toilet and a reasonable level of personal hygiene);
- Transferring (getting in or out of bed or chairs).

## Highlights – LTC

The following chart highlights the major features of the long-term care plan:

Long-Term Care Plan Features	
<b>Daily Benefit Maximum Amount</b>	\$96 per day. This is the maximum amount of coverage the plan pays for covered services in any single day.
<b>Lifetime Maximum Amount</b>	\$70,080. The lifetime maximum amount is based on the maximum daily benefit amount of \$96 multiplied by 730 days (two years): $\$96 \times 730 \text{ days} = \$70,080$ . Coverage ceases when the total benefit payouts reach \$70,080, regardless of how long benefits are paid.
<b>Premiums</b>	There is no charge as an active VSDP participant. See "Portability" below.
<b>How Benefits Are Paid</b>	The benefit is equal to the lesser of: <ul style="list-style-type: none"> <li>• Actual qualified expenses incurred per day;</li> <li>• Allowable daily benefit amount.</li> </ul>
<b>Long-Term Care Waiting Period</b>	Benefits are payable 90 calendar days after the beginning of each incident certified by a licensed treating healthcare professional as eligible for VSDP long-term care benefits.
<b>Portability</b>	An employee who leaves a VSDP-covered position can continue coverage in the VSDP Long-Term Care Program at group rates. The employee must elect to continue coverage within 60 days of leaving VSDP-covered employment and will pay the premiums.

 For more information, call illumifin at 800-761-4057.

## Benefits – LTC

Long-term care plan coverage pays the lesser of the actual qualified expenses incurred per day or the allowable daily benefit amount. The following chart summarizes the coverage levels for each type of care:

Long-Term Care Plan Benefits	
<b>Nursing Care Facility</b>	Up to 100% of the maximum daily benefit amount of \$96. The benefit provides skilled and custodial care in a nursing facility that meets all applicable licensing requirements.
<b>Assisted Living Facility</b>	Up to 100% of the maximum daily benefit amount of \$96. The benefit provides personal services and care in an assisted living facility that meets all applicable licensing requirements.
<b>Hospice Care Facility</b>	Up to 50% (\$48) of the maximum daily benefit amount. If the employee is terminally ill, the benefit provides care in a hospice facility that meets all applicable licensing requirements.
<b>Home Health Care</b>	Up to 50% (\$48) of the maximum daily benefit amount. Home health care includes custodial care, nursing care, therapy and homemaker services provided in-home by nurses, social workers, home health aides or other licensed or certified professionals.

## Long-Term Care Plan Benefits

<b>Adult Day Care Center</b>	<p>Up to 50% (\$48) of the maximum daily benefit amount.</p> <p>This covers care in a community-based, group setting for adults.</p>
<b>Hospice Care Agency</b>	<p>Up to 50% (\$48) of the maximum daily benefit amount.</p> <p>If the employee is terminally ill, provides in-home care by a hospice care agency that meets all applicable licensing requirements.</p>
<b>Alternate Plan Benefit</b>	<p>Up to 50% (\$48) of the maximum daily benefit amount.</p> <p>The benefit may cover an Alternate Plan of Care developed by the licensed treating healthcare professional, provided the employee, the employee's physician and the Long-Term Care Group, Inc. agree to the plan.</p>
<b>Transitional Care</b>	<p>A one-time cash payment equal to three times (\$288) the maximum daily benefit amount can be used to support the transition from independent living to long-term care. Employees may use this one-time payment in any way they wish.</p> <p>This benefit does not reduce the lifetime maximum benefit.</p>
<b>Informal Care Benefit</b>	<p>Up to 25% (\$24) of the maximum daily benefit amount for up to 50 days per calendar year can be used for personal care from a family member, neighbor or private caregiver.</p> <p>Coverage pays the lesser of actual qualified expenses incurred per day or the allowable daily benefit amount.</p> <p>This benefit does not reduce the lifetime maximum benefit.</p>
<b>Informal Caregiver Training</b>	<p>One payment each time the employee is receiving benefits can be used to provide for training a personal caregiver by a licensed treating healthcare professional.</p> <p>Coverage pays the lesser of the actual amount of the cost of training or three times (\$288) the maximum daily benefit amount.</p> <p>This benefit does not reduce the lifetime maximum benefit.</p>
<b>Bed Reservation</b>	<p>If the employee is in a covered facility, such as a nursing home, and has to be hospitalized, the plan covers up to 100% of the maximum daily benefit amount (\$96) for up to 21 days per calendar year.</p>
<b>Respite Care</b>	<p>Up to 50% (\$48) of the maximum daily benefit amount for up to 21 days per calendar year can be used to provide for a substitute in-home caregiver while the usual caregiver takes leave.</p> <p>The benefit does not reduce the lifetime maximum benefit.</p>
<b>Care Advisory Services</b>	<p>This benefit is used to identify local long-term care services and programs available that can best meet the employee's care needs. Services provided by care advisors are voluntary.</p>
<b>World-Wide Coverage</b>	<p>The employee is reimbursed for charges incurred for services equivalent to those covered under this plan outside the United States, its territories or Canada. The amount of the reimbursement equals the benefit amounts allowable under the plan for up to 365 days of services. All bills remitted must be for US dollars.</p>

## Applying for Benefits – LTC

The employee or the employee’s representative must contact illumifin within 60 days of the employee being certified by a licensed treating healthcare professional of qualification for benefits. A customer service representative will explain the information needed to process the claim and within 10 days of receiving the completed application, illumifin will send the employee a written notice of benefits.



illumifin  
PO Box 64011;  
St. Paul, MN 55164-0011  
Phone: 800-761-4057

## Continuing Coverage – LTC

Employees who terminate or retire from a VSDP-covered position may elect to continue participating in the VSDP Long-Term Care Program at their own expense when they are no longer working. The employee pays the premium, which is based on group rates. The plan benefits and eligibility requirements are the same as those for active employees. The employee is billed directly for the premiums.

The employee must submit the [Authorization of Coverage Retention for the Long Term Care Plan](#) (VRS-170) and the [Protection Against Unintentional Lapse of Long Term Care](#) (VRS-171) to illumifin within 60 calendar days of the last day of VSDP-covered employment. For details and the cost of premiums, contact illumifin.

## COV Voluntary Group Long-Term Care Insurance

The Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program is available to all employees and can provide supplemental coverage in conjunction with the VSDP Long-Term Care Plan. Eligible family members between the ages of 18 and 75 may also apply for coverage. The program provides a monthly benefit allowance to help cover the cost of long-term care services, such as nursing home care or at-home care to assist with bathing, eating or other activities of daily living. VRS has contracted with Genworth Life Insurance Company as the insurer for the program.

Plan details differ depending on whether an employee purchased coverage prior to or after January 1, 2017.



For more information, see the [COV Group Voluntary Long-Term Care Insurance chapter](#) of the Employer Manual or visit the [COV Voluntary Group Long Term Care Insurance Program page](#) on the VRS website.

# Appendix 1: Glossary of VSDP Terms

## Active Employment

For VSDP purposes, an employee can return to work full-time with or without restrictions for at least 20 hours or more a week. A part-time employee must work at least 20 or more hours a week.

## Activities of Daily Living

There are six activities necessary for individuals to function on a day-to-day basis without assistance: bathing, transferring (such as getting in and out of bed), dressing, toileting (using the bathroom), continence and eating (ability to feed oneself).

## Career State Service

Career state service includes full-time and part-time salaried service in a state position, leave for military service or leave resulting from a layoff or temporary workforce reduction. The service also includes periods of short-term and long-term disability during which the employee was working reduced hours or with job restrictions.

## Catastrophic Condition

A disability is determined to be catastrophic if an employee requires substantial supervision to protect the employee from threats to health and safety as a result of severe cognitive impairment or is unable to perform at least two of the six activities of daily living.

## Classified Employee

A classified employee is one who is assigned to a position within the occupational families listed in the Commonwealth's Compensation Plan. A classified employee is covered by the provisions of the Virginia Personnel Act,<sup>13</sup> after completing the probationary period.

## Conditional Leave without Pay

An employee's approved absence from work without pay (other than for military leave) is conditional if it guarantees reinstatement only if the employee's position is available when the employee desires to return from leave. If the position is not available, the employee will be separated and may be employed again only after going through the normal recruitment and selection process.

## Creditable Service for Retirement Purposes

Creditable service is any prior service credit plus VRS service credit that is earned in a covered position and used by VRS in the calculation of a retirement benefit. Periods of short-term disability and long-term disability are included in the calculation of creditable VRS service.

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<sup>13</sup> See *Code of Virginia* § 2.2-2900

## Department of Accounts (DOA)

The DOA is the state agency that provides a unified financial accounting and control system for state funds; develops a comprehensive system of checks and balances between state agencies entrusted with the collection, receipt and disbursement of state revenues; and maintains a central accounting system for all state agencies and institutions.

## Department of Human Resource Management (DHRM)

DHRM is the state agency that develops and interprets human resource policies.<sup>14</sup> It provides agencies basic tools and resources to administer human resource programs. Should there be a conflict between DHRM's policy and the agency's human resource manual, the policy prevails.

## Disability Credits

Sick leave may be converted to disability credits by an employee who enrolled in VSDP January 1 - March 1, 1999 or an employee who did not opt out October 1 - November 30, 2002. Disability credits are used in eight-hour increments to supplement periods of 80% or 60% income replacement to obtain 100% payment. Eight disability credits equal one day of 100% income replacement. Employees are required to use disability credits when on long-term disability.

## Eligible Employee

Full-time and part-time salaried employees of the Commonwealth of Virginia are covered under VSDP. Covered employees include:

- Active members of VRS;
- Active members of the State Police Officers' Retirement System (SPORS);
- Active members of the Virginia Law Officers' Retirement System (VaLORS);
- Full-time teaching, research or administrative faculty of a Virginia public institution of higher education who participate in VRS and elect VSDP coverage;
- Part-time faculty members covered under VRS who elect VSDP coverage.

## Elimination Period – Short-Term Disability

Seven calendar days of medical absence from work must be met before short-term disability benefits can begin. The elimination period begins the first day of a disability. An employee who returns to work for 20 hours or less during the seven-calendar-day elimination period has satisfied the elimination period. If the absence is due to a major chronic condition or catastrophic illness diagnosed at the onset of the disability, no elimination period is required before benefits begin. An eligible part-time employee who works 10 hours or less during the elimination period is considered to have fulfilled the seven-calendar-day elimination period.

## Essential Job Functions

Required job duties that must be performed in order to produce the expected outcome are deemed "essential."

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<sup>14</sup> See *Code of Virginia* Title 2.2, Chapter 12

## Family and Medical Leave Act (FMLA)

Federal FMLA provides an eligible employee the opportunity to balance the demands of the workplace and family by providing up to 12 weeks of paid and/or unpaid family or medical leave in a year.

## Family and Personal Leave

Family and personal leave may be taken at the discretion of the employee for any purpose (family, illness, attend a funeral, or other personal needs, etc.) provided the employee gives reasonable notice and the supervisor approves the absence.

Family and personal leave cannot be carried over to the next leave year (January 10 – January 9) or paid out upon separation.

Accrual rates are based on total months of state service (or previous state service) and employment status. A full-time and part-time employee accrue the same amount of family and personal leave annually. New-hire and rehire accrual rates are based on the date of employment. In subsequent years, the accrual rates for rehires are based on total months of state service.

## Holiday

A holiday is an official workday designated by the *Code of Virginia* or executive decree to be observed as paid time off. For a full-time employee, a holiday is eight hours and a half-day holiday is four hours.

## Holiday Leave

During periods of short-term disability, an employee is credited with holiday leave based on the percentage of disability benefit the employee is receiving. To receive 100% income replacement when short-term disability decreases to 80% or 60%, an employee must use accrued leave to supplement VSDP benefits. Holidays count toward the seven-consecutive calendar-day elimination period.

An employee on long-term disability working receives holiday pay based on the percentage of work hours scheduled. Disability benefits for the holiday are based on the percentage of disability benefit (60%) the employee is receiving. To receive 100% income replacement, the employee must use accrued leave to supplement VSDP benefits.

## Licensed Treating Healthcare Professional

A doctor of medicine or osteopathy who is licensed to practice medicine or surgery by the state in which they practice is designated a licensed treating healthcare professional. Also included are podiatrist, optometrist, chiropractor, scientologist, clinical psychologist, or clinical social worker licensed to practice in the state and performing within their scope of practice as defined under state law.

If the licensed treating healthcare professional is not a doctor of medicine or osteopathy, the employee may be required by Alight to seek treatment from a doctor or osteopath after a reasonable period of time.

## Long-Term Care

Daily reimbursement is available for medical, personal and social services provided in a nursing care facility, assisted living, home health or respite care. To qualify, the employee must be unable to perform two out of the six activities of daily living or have a severe cognitive impairment. There is a once-in-a-lifetime waiting period of 90 days and a maximum lifetime benefit.

## Long-Term Disability Benefit

An income replacement benefit that commences upon the expiration of 125 workdays of short-term disability benefits if the employee continues to be medically eligible.

## Long-Term Disability Working

The employee may continue from short-term disability working status into long-term disability working. An employee on long-term disability working must work at least 20 hours or more per workweek in the employee's own position. A qualified part-time employee continues to work for the employer when moving from short-term disability into long-term disability working for 20 or more hours per week. This income replacement benefit begins upon the expiration of a seven-calendar-day elimination period and 125 workdays of receipt of short-term disability benefits (unless catastrophic or major chronic).

## Major Chronic Condition

A life-threatening health condition that exists over a prolonged period of time and is not expected to resolve in the foreseeable future is designated "major chronic." The determination of a life-threatening health condition is made at the discretion of Alight in accordance with, but not limited to, the following criteria. The employee:

- Must be deemed disabled by a licensed treating healthcare professional;
- Must have experienced a period of disability for the same condition within the last six months;
- Must be under the ongoing care of a licensed treating healthcare professional.

All cases are reviewed and updated with additional medical documentation on an individual basis. There is no elimination period for illnesses/injuries designated as major chronic.

## Partial Disability

A partial disability exists during the first 24 months following the occurrence or commencement of an illness or injury:

- When an employee is earning less than 80% of pre-disability earnings;
- As a result of injury or illness, is able to perform one or more, but not all, of the essential job functions of the employee's own job on a full-time or a part-time basis;
- Is able to perform all of the essential job functions of the employee's own job only on a part-time basis.

## Probationary Period

The introductory period of employment allows the employee and employer to determine if the employee is suited for the job. During the probationary period, the employee may be terminated at the discretion of the appointing authority, without access to the State Grievance Procedure. The normal probationary period is 12 months; however, it can be extended for up to 18 months for performance reasons, if an employee is absent for an extended period of time, or if an employee moves to another position within the last six months of the 12-month period.

## Return-to-Work Program

This program assigns an employee to the employee's pre-disability position or alternative position for a specified length of time with job modifications to assist the employee in returning to full-duty employment.

## Serious Health Condition

As defined by the FMLA,<sup>15</sup> a serious health condition is an illness, injury or physical cognitive condition that involves:

- Hospitalization as an inpatient in a hospital, hospice or residential medical care facility;
- Absence of more than three consecutive calendar days while receiving continuing or multiple treatment prescribed by the health care provider;
- Continuing treatment by (or under the supervision of) a health care provider for a chronic or long-term health condition that is incurable or so serious that, if not treated, would likely result in a period of incapacity of more than three calendar days. It also covers prenatal care and the birth of a child.

## Service Credit

A member in a VRS-covered position earns service credit toward retirement. The member is credited with one month of service for each month the member (or the employer on the member's behalf) makes a contribution to VRS. A member cannot receive more than 12 service credits per year worked.

## Severance

Involuntary separation from state service of a full-time classified employee, eligible restricted employee, or eligible part-time classified employee is designated as severance.<sup>16</sup>

## Sick Leave

Sick leave may be taken for personal illnesses, injuries, preventive care and wellness physician visits. Up to 33% of an employee's sick leave can be used for qualifying family FMLA absences. Sick leave cannot be carried over to the next year (January 10 – January 9) or paid out upon separation.

Accrual rates are based on total years of state service and employment status. New hire and rehire accrual rates are based on the date of employment. In subsequent years, the accrual rates for rehires are based on total months of state service and employment status.

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<sup>15</sup> See DHRM Policy 4.20, Family Medical Leave.

<sup>16</sup> See DHRM Policy 1.30, Layoff.

## Short-Term Disability Benefits

A short-term disability is an illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a major chronic or catastrophic condition, which prevents an employee from performing the full duties of the job. VSDP provides coverage for non-work-related and work-related disabilities.

Short-term disability begins upon the expiration of a seven-calendar day elimination period and provides replacement income for a maximum of 125 workdays at either 100%, 80% or 60% for defined periods of time based on an employee's total months of state service. If the disability/illness is deemed catastrophic, the employee receives 100% or 80% income replacement and the elimination period is waived.

## State Employee's Workers' Compensation Program

This state agency administers the Virginia Workers' Compensation Act.

## Temporary Workforce Reduction

An agency is permitted to reduce an employee's work hours and pay temporarily or to place an employee in a non-working status temporarily. Such reductions are limited to no more than 690 work hours in a 365-day period. Certain employee benefits are protected during the period of reduced hours or non-working status.<sup>17</sup>

## Total Disability

During the first 24 months following the occurrence or commencement of an illness or injury, a total disability exists if an employee is unable to perform all of the essential functions of their normal job duties, on a full-time basis. A total disability exists after 24 months following the occurrence or commencement of an illness or injury if an employee is unable to perform any job for which they are reasonably qualified based on training or experience and they are earning less than 80% of pre-disability earnings.

## Unconditional Leave without Pay

An employee's approved absence from work without pay under this status guarantees reinstatement to the position that the employee held before the leave was taken.

## Virginia Retirement System (VRS)

VRS is the state agency authorized to administer pensions, benefits and retirement policies.<sup>18</sup>

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<sup>17</sup> See DHRM Policy 1.65, Temporary Workforce Reduction.

<sup>18</sup> See *Code of Virginia* Title 51.1.

## Virginia Sickness and Disability Program (VSDP)

VSDP provides income protection for an employee who cannot work because of a non-work-related or work-related illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a major chronic or catastrophic condition. VSDP benefits include sick leave, family and personal leave, short-term and long-term disability coverage, long-term care coverage, transitional, medical rehabilitation and vocational rehabilitation plans to help an employee return to work when able and a free advocacy service to help the employee apply for SSDI benefits.

### Work-Related Injury or Illness

An injury or illness that occurs on the job to an eligible employee is deemed work-related when benefits are awarded by the Virginia Workers' Compensation Commission and are payable under the Workers' Compensation Act.

### Workday

When a full-time employee is on disability leave, it is assumed that the work schedule is a standard eight-hour day. This includes those pay periods in which the employee starts short-term disability or returns to work following short-term disability, as well as in cases of intermittent and or major chronic disabilities where the employee works a part of a pay period. VSDP requires that an employee working an alternate schedule (four 10-hour days, rotational shifts, flexible hours, job sharing, etc.) must revert back to the standard five-day/40-hour schedule when the employee is approved to receive short-term disability benefits and the employee must remain in this status until released to return to work full-time/full-duty without restrictions.

### Workers' Compensation Benefit

This income replacement is awarded by the State Employees' Workers' Compensation Program when an employee suffers a compensable work-related injury or illness. Income replacement is based upon 66⅔% of the average of the last year's earnings prior to the accident within a minimum and maximum amount.<sup>19</sup>

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<sup>19</sup> See DHRM Policy 4.60, Workers' Compensation.

# Appendix 2: VSDP Benefits

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## Retirement Contributions

### Short-Term Disability

The employee retains VRS membership while on short-term disability. The employee continues to accrue service credit and remains eligible for retirement after reaching age and service requirements. Time spent on short-term disability counts toward the five years needed to become vested for a retirement benefit.

While the employee is on short-term disability and the employer is paying the employee, the employer continues to report the employee's pre-disability creditable compensation in myVRS Navigator and deducts the 5% member contribution for Plan 1 and Plan 2 members. Defined benefit contributions should continue to be withheld based on the pre-disability creditable compensation. For a Hybrid member, defined contribution deductions should be taken as a percentage of the creditable compensation included in each paycheck, which may be reduced. The employee can make changes to voluntary contributions each month.

### Long-Term Disability Working

An employee receives service credit during the period of long-term disability working, based on the pre-disability income. Alight reports the service credit. If the employee is earning 80% or more of pre-disability income, Alight closes the claim and stops reporting the employee. The employer then resumes reporting the employee. No defined benefit employee or employer contributions are reported by the employer for an employee on long-term disability working as long as there is an open claim with Alight. Contributions to the defined contribution component of the Hybrid plan should continue as a percentage of the employee's reduced creditable compensation.

### Long-Term Disability

An employee receives service credit during the period of long-term disability, based on the pre-disability income. No employee or employer contributions are reported by the employer for an employee on long-term disability. However, if a Hybrid employee is totally and permanently disabled and qualifies for SSDI, VRS contributes the mandatory 1% employer contribution to the Hybrid 401(a) Plan. Alight reports the service credit.

# Purchase of Prior Service Credit

## Short-Term Disability

The employee may purchase prior service while on short-term disability. The purchase may be made in a lump sum or through payroll deduction. The cost of purchasing service credit will be based on the full pre-disability income, regardless of the actual income replacement percentage received at the time of purchase.



After employees on work-related VSDP return to work, they may purchase periods of time where the service was not reported.

## Long-Term Disability Working

The employee may purchase prior service while on long-term disability working. The purchase may be made in a lump sum only. The cost of purchasing service credit will be based on the full pre-disability income, regardless of the actual income replacement percentage received at the time of purchase.

## Long-Term Disability

The employee may not purchase prior service credit during periods of long-term disability.

# Health Insurance

## Short-Term Disability

State health insurance coverage continues on short-term disability with the state paying the employer share of the premium. The employee continues to pay the employee share.

## Long-Term Disability Working

Both the employer and employee continue paying the premiums. If the employee's wages do not cover the employee portion of the health insurance premium, the employee can pay the employer by check.

## Long-Term Disability

The employee must elect coverage within 31 days of transition to long-term disability to continue state health insurance coverage. The employee must pay the full cost of the coverage (employer and employee cost) by paying the carrier directly. The employee will be billed directly by the carrier. An eligible employee using FMLA who participates in the state health insurance program during the period of long-term disability will continue coverage through the current employer until FMLA is exhausted.

# COBRA

## Short-Term Disability

Time spent on short-term disability does not count toward COBRA entitlement, since the employee has not separated and is still eligible for state coverage. The employer is responsible for notifying the employee of the employee's COBRA status.

## Long-Term Disability Working

Time spent on long-term disability working does not count toward COBRA entitlement, since the employee has not separated and is still eligible for state coverage. The employer is responsible for notifying the employee of the employee's COBRA status.

## Long-Term Disability

Time spent on long-term disability runs concurrently with COBRA. The employer is responsible for notifying the employee of the employee's COBRA status.

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# Health Insurance Credit

## Short-Term Disability

The time spent while on short-term disability counts toward the 15-year eligibility requirement for the health insurance credit.

## Long-Term Disability Working

An employee on long-term disability working status is not eligible for the credit since state health insurance coverage continues to be provided for the employee.

## Long-Term Disability

An employee receives a health insurance credit of the greater of \$120 or \$4.25 per year of creditable service at the time of eligibility for VSDP. The credit cannot exceed the cost of the employee's premium. Time spent on long-term disability counts toward the health insurance credit 15-year eligibility requirement needed for service retirement.

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# Basic Group Life Insurance

## Short-Term Disability

Basic Group life insurance continues with the state paying for the program. Accelerated benefits and accidental death and dismemberment coverage also continue.

## Long-Term Disability Working

The employee continues to be covered by Basic Group life insurance while on long-term disability working. The state pays for the life insurance coverage.

## Long-Term Disability

Basic Group life insurance continues with the state paying for the life insurance coverage. Accelerated benefits and accidental death and dismemberment coverage also continue. The amount of life insurance is based on the pre-disability annual salary at the time of transition to long-term disability. The amount of life insurance may be increased annually by cost-of-living adjustments. When the employee retires, Basic Group life insurance begins to reduce until it is 25% of its original amount. Accidental death and dismemberment coverage ceases at retirement.

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# Optional Group Life Insurance

## Short-Term Disability

Optional Group life insurance continues (for the employee, spouse and any minor dependents) as long as the employee pays the premiums for this coverage through payroll deduction. If the employee terminates employment or coverage ceases because of non-payment of premiums, the employee may convert to an individual policy.

## Long-Term Disability Working

Optional Group life insurance continues (for the employee, spouse and any minor dependents) as long as the employee pays the premiums for this coverage via payroll deduction. If the employee terminates employment or coverage ceases because of non-payment of premiums, the employee may convert to an individual policy.

## Long-Term Disability

Optional Group life insurance continues (for the employee, spouse and any minor dependents) as long as the employee pays the premiums for this coverage via direct bill. If the employee long-term disability ends or coverage ceases because of non-payment of premiums, the employee may convert to an individual policy. The amount of life insurance is based on the pre-disability annual salary at the time of transition to long-term disability.

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# Deferred Compensation

## Short-Term Disability

The employee may continue to contribute to the COV 457 Plan or 403(b) account while on short-term disability unless the disability is work-related.

Contributions may not exceed the lesser of adjusted annual salary or the annual limit. If the employee is contributing at least \$10 per pay period to the COV 457 Plan or 403(b) account, the employer cash match also will continue. A Hybrid member must maximize their voluntary contributions at 4% in order to be eligible for a match to the Virginia Cash Match Plan. Distributions from the plan are allowed only in the event of approved hardship withdrawals, which must conform to IRS guidelines.

## Long-Term Disability Working

The employee may continue to contribute to the COV 457 Plan or 403(b) account while on long-term disability working unless the disability is work-related.

Contributions may not exceed the lesser of adjusted annual salary or the annual limit. If the employee is contributing at least \$10 per pay period to the COV 457 Plan or 403(b) account, the employer cash match also will continue. A Hybrid member must maximize their voluntary contributions at 4% in order to be eligible for a match to the Virginia Cash Match Plan. Distributions from the plan are allowed only in the event of approved hardship withdrawals, which must conform to IRS guidelines.

## Long-Term Disability

The employee may not contribute to the COV 457 Plan or 403(b) account while on long-term disability. VRS will allow 457 distributions for an employee on long-term disability if the employer classified this status as “severance from employment,” and a full calendar month break-in-service has occurred.

## Refund

The employee will lose all VSDP benefits if taking a refund.

### Short-Term Disability

An employee may only request a refund of VRS retirement contributions and interest upon termination of employment. If a refund is taken, all benefits stop, including VSDP short-term and long-term disability benefits.

### Long-Term Disability Working

An employee may only request a refund of VRS retirement contributions and interest upon termination of employment. If a refund is taken, all benefits stop, including VSDP long-term disability benefits.

### Long-Term Disability

If a refund is taken, all benefits stop, including VSDP long-term disability benefits.



For more information about Plan 1 and 2 refund requirements, see the [Refunds chapter](#) of the Employer Manual

## Service Retirement

### Short-Term Disability

The time spent on short-term disability counts toward the five years needed to become vested to a retirement benefit. If the member is receiving workers' compensation benefits while on short-term disability, the employee may not retire until workers' compensation benefits cease.

### Long-Term Disability Working

The time spent on long-term disability working counts toward the five years needed to become vested to a retirement benefit. If receiving workers' compensation benefits while on long-term disability-working, the employee may not retire until workers' compensation benefits cease.

### Long-Term Disability

If vested, the employee retains eligibility for retirement benefits after meeting age and service requirements. If receiving workers' compensation benefits while on long-term disability, the employee may not retire until workers' compensation benefits cease.

Employees are required to retire at their normal retirement date. Employees who are approved for disability benefits within five years of their normal retirement date shall be eligible for up to five years of disability before they are required to retire for service. When retiring, the employee may select any eligible option. The retirement benefit is calculated using the highest average final compensation.