

**Full Authority**  
**21 November 2019**  
**Agenda Item: 11**

**Short Term Disability Coverage**  
**Background**

The CVCA offers a benefit package to all full time employees through Buffett Taylor & Associates. This package includes Short Term Disability (STD), which is an intermediary benefit between employee sick days and Long Term Disability (LTD) insurance.

Further to the September 2019 Disability Report, staff have investigated an option to provide self-insured short term disability coverage.

Of the 28 conservation authorities under the Conservation Ontario's Benefits Plan with SunLife Financial, the CVCA is only one of three still using the short term disability coverage. There are 57 plan members at the three conservation authorities and the loss ratio for the 2018/2019 period was 316% (\$7,800 in premium versus \$21,255 in paid claims).

As part of the renewal this year (which occurs every year), SunLife proposed a 124% increase. Buffet Taylor was able to negotiate a 113% increase.

Based on the number of users of the STD coverage, the CVCA can expect that premiums will continue to increase. In fact, Kettle Creek Conservation Authority has just opted out of the plan, leaving the CVCA and one other conservation authority to fund the plan. This would place additional pressure on the remaining authorities.

If the CVCA introduces a self-insured short term disability plan, there will be cost savings of eliminating the insurance premium and it may also qualify for and Employment Insurance (EI) premium reduction. In order to be considered for an EI premium reduction, the Authority's short term disability plan must meet the following requirements:

1. Employees must be eligible to claim benefits under the plan within three months.
2. The waiting period for payment of benefits cannot be more than 7 consecutive days.
3. Benefits paid must be at least equal to the amount of benefits an employee would receive from the EI program (must provide at least 55% of a claimants average insurable earnings).
4. The plan must be the first payer.
5. The plan must provide 24-hour coverage.

6. The plan can have certain limitation to the payment benefits. It is acceptable that benefits are not paid to an employee:
- Who is under the care of a licensed physician
  - Whose illness or injury is covered by workers' compensation, the Canada Pension Plan or the Quebec Pension Plan
  - Whose illness or injury is intentionally self-inflicted
  - Whose illness or injury results from service in the armed forces
  - Whose illness or injury results from war or participation in a riot or a disturbance of the public order
  - Whose illness or injury occurs while on leave or absence or paid vacation
  - Who is receiving maternity, parental, compassionate care or family caregiver benefits under the **Employment Insurance Act**
  - Who is ill or injured as a result of committing a criminal offence
  - Who is engaged in employment for wage or profit while receiving disability benefits
  - Who is ill or injured during a strike or lockout at the place of employment (if the right to benefits is reinstated on the employee's return to active employment)
  - Who is serving a prison sentence
  - Who is not entitled to EI income benefits payable because he or she is outside Canada
  - Whose illness results from the use of drugs or alcohol and who is not receiving continuing treatment for the use of these substances
  - Whose illness results from an illness or injury from a motor vehicle accident and who receives benefits under a provincial motor vehicle insurance plan that does not take EI benefits payable into account when paying their benefits
  - Who receives a retirement pension from the same employer
  - Who has plastic surgery solely for cosmetic purposes, except where attributable to illness or injury or
  - Who, in the case of a recurring disability, is receiving benefits according to a reinstatement provision of a group long-term disability plan (as long as the reinstatement period does not exceed six months)

All full-time regular service employees with more than three months of continuous service are eligible for the plan for a maximum of 15 weeks or 105 days. After 15 weeks of uninterrupted short term disability, long term disability coverage is available through CVCA's benefits provider. The benefit paid is 66.7% of an employee's gross pay. This is a self-insured benefit. All other benefits are maintained at their regular rate during short term disability leave, provided the employee continues their contributions.

If an employee applies for short term disability, the CVCA would not normally hire a replacement until the leave progressed to a long term disability the CVCA could not

accommodate. Consequently, wage savings would be applied to pay for the benefit negating the need to establish a dedicated reserve for coverage of the self-insured plan.

Eligibility and Guidelines will be provided at the next scheduled CVCA Board Meeting.

***Recommendation***

- 1) That staff be directed to take the necessary steps to fully enact a self-insured Short Term Disability Policy as described and
- 2) Provide eligibility and guidelines for further review and adoption in the CVCA Personnel Policy