

## Short-Term Disability, as explained at the bargaining table by the Treasury Board Secretariat – A summary

- A. On June 19 and 24, 2014, the Treasury Board Secretariat (TBS) presented the highlights of its current iteration of the Short-Term Disability (STD) plan at the TR and EC bargaining tables. It should be noted that the plan parameters are not set in stone, have changed and may continue to change.
- B. In its present form, the plan would require a set number of sick leave days in collective agreements and no carry-over of unused days.
- C. According to TBS, the industry standard number of sick leave days in cases where STD plans exist is 5 or 7 days per year. The plan that TBS is contemplating could accommodate a higher number of annual sick leave days. The carryover of unused sick leave days from one year to the next would cease under the STD plan.
- D. An STD plan would supplement the sick leave provisions in the collective agreement.

### *1. Waiting period and sick leave days*

- The plan would include a waiting period of either 5 or 7 calendar days.
- There would be no waiting period and there would be an immediate payment of benefits in the following situations: hospitalization for a non-occupational illness or injury, the recurrence of an illness within 30 days of an approved claim, and were the illness is deemed to be chronic.
- In cases where the duration of absence from work due to illness or injury is less than five consecutive days and the employee has the required sick leave credits, the new system would work essentially the same way as the existing sick leave system. The employee would use days of sick leave to ensure revenue continuity during the absence.
- In cases where an employee requires more than five consecutive days for such an absence from work, the employee could: (1) use sick leave days to ensure revenue continuity during the five-day (or seven-day, as the case may be) waiting period; and (2) use STD benefits to cover the remaining period away from work.
- In cases where an employee does not have sick leave to cover part of the waiting period or the entire waiting period, the employee would be placed on unpaid leave from the day the employee runs out of sick leave to the end of the waiting period.

## 2. *Level of STD and LTD benefits*

- After the waiting period, the employee would receive a benefit worth 100% of salary for up to 25 working days.
- The value of the benefit would then fall to 70% of salary for the next 105 working days.
- For an extension of benefits beyond the STD plan, the employee would be required to file for Long-Term Disability (LTD) benefits, again at 70% of salary.
- LTD benefits would be available for up to 600 working days, if authorized by the service provider responsible for the LTD plan.
- Thus the current LTD plan would need to be changed, as it would be accessed after 130 working days rather than the current 65 working days (reducing the cost to the employer and to a lesser extent to employees, since the current LTD plan is funded by employer (85%) and employee (15% deducted at source) contributions).

## 3. *A self-funded plan*

- The plan being considered by the employer is a self-funded plan, i.e., departments and agencies would provide money to the service provider responsible for the STD plan in order to cover benefit payments.
- Thus the employer would fund the STD plan, similarly to what it does for sick leave, at 100% of salary.
- There would be no contributions from employees to finance the STD plan.

## 4. *Pension contributions when in receipt of STD and LTD benefits*

- The handling of pension contributions with respect to paid and unpaid leave would remain unchanged.
- For pension contribution purposes, when an employee is on sick leave or is in receipt of 100% of salary in the form of STD benefits, he or she would be considered to be on paid leave and would continue to make normal pension contributions.
- An employee in receipt of 70% of salary in benefits, however, would be considered to be on unpaid leave and would not pay immediately his or her share of pension contributions.
- In such cases, contributions would be paid only when the employee returns to work.
- Upon the employee's return to work, contributions would be doubled for a period equivalent to the period during which the employee was in receipt of benefits worth 70% of salary (i.e., during which no contributions were made).

5. *The service provider (insurance company) and the appeals process*

- The service provider's role would be to provide various services: case management, claims adjudication, return-to-work assistance, and data reporting.
- If the service provider was to refuse a claim or decide to discontinue payment of benefits, an employee would need to challenge the service provider's decision in order to receive or continue to receive benefits.
- To challenge the decision the employee would appeal the decision before the service provider at a first level, then at a second level of authority.
- So, the appeal process would include two steps where the service provider makes the decision.
- For appeals rejected at the second level, employees would have the option of appealing to a third level: at the third level the decision would probably rest with a Board of Management.

6. *Cooperation with the service provider*

- To be approved for benefits and to continue to receive benefits, an employee would be required to cooperate in the establishment of a return-to-work plan, or participate in an accommodation process, depending on the employee's circumstances.
  - A refusal in either case would lead to a discontinuing of benefits.
- E. It is important to emphasize that what was presented at the bargaining tables is the current iteration of a plan designed by the employer. There may be further changes as the employer works towards finalizing an RFP for the spring of 2015.
- F. While the employer can design and implement unilaterally an STD plan, it can only address the matter of sick leave at the bargaining table in negotiations with bargaining agents, your representatives.
- G. The following are subject to the bargaining process: (1) matters that are already in the collective agreement, e.g., sick leave provisions (the number of days per year, carry-over, what to do with sick leave banks, etc.), injury-on-duty leave and other related provisions; (2) the inclusion in the collective agreement of elements relating to the STD plan, or the STD plan in its entirety, and of elements relating to the LTD plan, or the LTD plan in its entirety.