

SB0022S01 compared with SB0022

{Omitted text} shows text that was in SB0022 but was omitted in SB0022S01

inserted text shows text that was not in SB0022 but was inserted into SB0022S01

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

1 {~~Long-term Disability Benefit Modifications~~} State Employee Benefit Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Cheryl K. Acton

3 **LONG TITLE**

4 **General Description:**

5 This bill modifies provisions related to public employee {long-term disability} benefits.

6 **Highlighted Provisions:**

7 This bill:

- 11 ▶ modifies the definition of gainful employment for purposes of the Public Employees' Long-Term Disability Act;
- 13 ▶ includes pay for time that exceeds an eligible employee's regular schedule in the calculation of the eligible employee's regular monthly salary;
- 15 ▶ establishes a death benefit for employees receiving long-term disability benefits; {and}
- 16 ▶ makes life assistance counseling that the Utah State Retirement Office offers available to employees receiving long-term disability benefits{-} ;
- 15 ▶ increases the state-paid basic life insurance benefit for exempt state employees;
- 16 ▶ creates additional state-paid basic life insurance benefit tiers for exempt state employees;
- 18 ▶ and

SB0022

SB0022 compared with SB0022S01

directs savings from a reduction in long-term disability premium rates be used to pay for the cost of the changes in this bill.

20 **Money Appropriated in this Bill:**

21 None

22 This bill provides a special effective date.

25 AMENDS:

26 **49-11-609** ~~{(Effective upon governor's approval)}~~, as last amended by Laws of Utah 2020, Chapter 24 ~~{(Effective upon governor's approval)}~~, as last amended by Laws of Utah 2020, Chapter 24

27 **49-21-102** ~~{(Effective upon governor's approval)}~~, as last amended by Laws of Utah 2023, Chapter 274 ~~{(Effective upon governor's approval)}~~, as last amended by Laws of Utah 2023, Chapter 274

28 **49-21-401** ~~{(Effective upon governor's approval)}~~, as last amended by Laws of Utah 2023, Chapter 274 ~~{(Effective upon governor's approval)}~~, as last amended by Laws of Utah 2023, Chapter 274

29 **Uncodified Material Affected:**

30 ENACTS UNCODIFIED MATERIAL:

31

32 *Be it enacted by the Legislature of the state of Utah:*

33 Section 1. Section **49-11-609** is amended to read:

34 **49-11-609. ~~{(Effective upon governor's approval)}~~Beneficiary designations -- Revocation of beneficiary designation -- Procedure -- Beneficiary not designated -- Payment to survivors in order established under the Uniform Probate Code -- Restrictions on payment -- Payment of deceased's expenses.**

37 (1) As used in this section, "member" includes a member, retiree, participant, covered individual, eligible employee as defined in Section 49-21-102, a spouse of a retiree participating in the insurance benefits created by Sections 49-12-404, 49-13-404, 49-22-307, and 49-23-306, or an alternate payee under a domestic relations order dividing a defined contribution account.

42 (2)

SB0022 compared with SB0022S01

- (a) Except as provided under Subsection (2)(b) or (c), the most recent beneficiary designations signed by the member and filed with the office, including electronic records, at the time of the member's death are binding in the payment of any benefits due under this title.
- 46 (b)
- . (i) The divorce or annulment of a member's marriage shall revoke the member's former spouse as a beneficiary from any of the member's beneficiary designations.
- 48 (ii) A revocation of a former spouse as a beneficiary in accordance with Subsection (2)(b)(i) does not revoke any other beneficiaries named on the member's beneficiary designations.
- 51 (c) A former spouse whose beneficiary designation is revoked solely under Subsection (2)(b) shall be revived on the member's beneficiary designations by:
- 53 (i) the member's remarriage to the former spouse; or
- 54 (ii) a nullification of the divorce or annulment.
- 55 (d) A revocation under Subsection (2)(b) does not apply to a former spouse named as a beneficiary in a beneficiary designation signed by the member and filed with the office after the date of the divorce or annulment.
- 58 (e) The office is not liable for having made a payment of any benefits to a beneficiary designated in a beneficiary designation affected by a divorce, annulment, or remarriage before the office received written notice of the divorce, annulment, or remarriage.
- 62 (3)
- . (a) Except where an optional continuing benefit is chosen, or the law makes a specific benefit designation to a dependent spouse, a member may revoke a beneficiary designation at any time and may execute and file a different beneficiary designation with the office.
- 66 (b) A beneficiary designation or change of beneficiary designation shall be completed on forms provided by the office.
- 68 (4)
- . (a) All benefits payable by the office may be paid or applied to the benefit of the decedent's heirs in the order of precedence established under Title 75, Chapter 2, Intestate Succession and Wills, if:
- 71 (i) no beneficiary is designated or if all designated beneficiaries have predeceased the member;
- 73 (ii) the location of the beneficiary or secondary beneficiaries cannot be ascertained by the office within 12 months of the date a reasonable attempt is made by the office to locate the beneficiaries; or

SB0022 compared with SB0022S01

- 76 (iii) the beneficiary has not completed the forms necessary to pay the benefits within six months of
the date that beneficiary forms are sent to the beneficiary's last-known address.
- 79 (b)
- . (i) A payment may not be made to a person included in any of the groups referred to in Subsection (4)
(a) if at the date of payment there is a living person in any of the groups preceding it.
- 82 (ii) Payment to a person in any group may be based upon receipt of an affidavit in a form satisfactory to
the office that:
- 84 (A) there are no living individuals in the group preceding it;
- 85 (B) the probate of the estate of the deceased has not been commenced; and
- 86 (C) more than 30 days have elapsed since the date of death of the decedent.
- 87 (5) Benefits paid under this section shall be:
- 88 (a) a full satisfaction and discharge of all claims for benefits under this title; and
- 89 (b) payable by reason of the death of the decedent.
- 91 Section 2. Section **49-21-102** is amended to read:
- 92 **49-21-102. ~~{(Effective upon governor's approval)}~~Definitions.**
- As used in this chapter:
- 93 (1) "Date of disability" means the date on which a period of total disability begins, and may not begin
on or before the last day of performing full-duty work in the eligible employee's regular occupation.
- 96 (2)
- . (a) "Eligible employee" means any of the following employees whose employer provides coverage
under this chapter:
- 98 (i)
- . (A) any regular full-time employee as defined under Section 49-12-102, 49-13-102, or 49-22-102;
- 100 (B) any public safety service employee as defined under Section 49-14-102, 49-15-102, or 49-23-102;
- 102 (C) any firefighter service employee or volunteer firefighter as defined under Section 49-23-102 who
began firefighter service on or after July 1, 2011;
- 104 (D) any judge as defined under Section 49-17-102 or 49-18-102; or
- 105 (E) the governor of the state;
- 106 (ii) an employee who is exempt from participating in a retirement system under Subsection
49-12-203(4), 49-13-203(4), 49-14-203(1), or 49-15-203(1); and

108

SB0022 compared with SB0022S01

(iii) an employee who is covered by a retirement program offered by a public or private system, organization, or company designated by the Utah Board of Higher Education.

111 (b) "Eligible employee" does not include:

112 (i) any employee that is exempt from coverage under Section 49-21-201; or

113 (ii) a retiree.

114 (3) "Elimination period" means the three months at the beginning of each continuous period of total disability for which no benefit will be paid. The elimination period begins on the nearest first day of the month from the date of disability. The elimination period may include a one-time trial return to work period of less than 15 consecutive calendar days.

119 (4)

(a) "Gainful employment" means any occupation or employment position in the state that:

121 (i) contemplates continued employment during a fiscal or calendar year; and

122 (ii) would pay an amount equal to or greater than 40 hours per week at ~~[the legally required minimum wage]~~ 60% of the eligible employee's regular monthly salary, regardless of the number of hours worked.

125 (b) "Gainful employment" does not mean that an occupation or employment position in the state is:

127 (i) available within any geographic boundaries of the state;

128 (ii) offered at a certain level of wages;

129 (iii) available at a particular number of hours per week; or

130 (iv) currently available.

131 (5) "Maximum benefit period" means the maximum period of time the monthly disability income benefit will be paid under Section 49-21-403 for any continuous period of total disability.

134 (6) "Monthly compensation" means:

135 (a) the amount an eligible employee's participating employer certifies under Section 49-11-603; plus

137 (b) if not included in the amount described in Subsection (6)(a), the eligible employee's monthly compensation for the average number of hours the eligible employee demonstrates the eligible employee worked per week during the preceding 12-month period that exceeded the eligible employee's regular weekly schedule, up to 10 hours per week, calculated at the eligible employee's base rate of pay.

142 [(6)] (7) "Monthly disability benefit" means the monthly payments and accrual of service credit under Section 49-21-401.

SB0022 compared with SB0022S01

- 144 [(7)] (8) "Objective medical impairment" means an impairment resulting from an injury or illness that
is diagnosed by a physician and that is based on accepted objective medical tests or findings rather
than subjective complaints.
- 147 [(8)] (9) "Ongoing disability" means, after the elimination period and the first 24 months of disability
benefits, the complete inability due to objective medical impairment, as determined under
Subsection 49-21-401(9), to engage in any gainful employment which is reasonable, considering the
eligible employee's education, training, and experience.
- 151 [(9)] (10) "Own occupation disability" means the complete inability, due to objective medical
impairment, whether physical or mental, to engage in the eligible employee's regular occupation
during the elimination period and the first 24 months of disability benefits.
- 155 [(10)] (11) "Physician" means a licensed physician.
- 156 [(11)] (12) "Pilot period" means the period beginning on July 1, 2023, and ending on June 30, 2026.
- 158 [(12)] (13) "Regular monthly salary" means the amount certified by the participating employer as
the eligible employee's monthly ~~[salary of the eligible employee]~~ compensation, unless there is a
discrepancy between the certified amount and the amount actually paid, in which case the office
shall determine the regular monthly salary.
- 162 [(13)] (14) "Regular occupation" means either:
- 163 (a) the primary duties performed by the eligible employee for the 12 months preceding the date of
disability; or
- 165 (b) a permanent assignment of duty to the eligible employee, as long as the eligible employee has
actually performed all the required duties of the permanent assignment of duty.
- 168 [(14)] (15) "Rehabilitative employment" means any occupation or employment for wage or profit, for
which the eligible employee is reasonably qualified to perform based on education, training, or
experience.
- 171 [(15)] (16) "Total disability" means:
- 172 (a) own occupation disability; or
- 173 (b) ongoing disability.
- 174 [(16)] (17)
- . (a) "Workers' compensation indemnity benefits" means benefits provided that are designed to replace
wages under Title 34A, Chapter 2, Part 4, Compensation and Benefits, including wage replacement

SB0022 compared with SB0022S01

for a temporary disability, temporary partial disability, permanent partial disability, or permanent total disability.

178 (b) "Workers' compensation indemnity benefits" includes a settlement amount following a claim for
indemnity benefits.

181 Section 3. Section **49-21-401** is amended to read:

182 **49-21-401. ~~{(Effective upon governor's approval)}~~Disability benefits -- Application --
Eligibility.**

183 (1) An eligible employee shall apply for long-term disability benefits under this chapter by:

184 (a) completing an application form prepared by the office;

185 (b) signing a consent form allowing the office access to the eligible employee's medical records; and

187 (c) providing any documentation or information reasonably requested by the office.

188 (2)

. (a) If an eligible employee is unable to apply on the employee's own behalf, the application may be made by a person who is:

190 (i) the attorney for an eligible employee; or

191 (ii) appointed as a conservator or guardian of the eligible employee.

192 (b) A person described in Subsection (2)(a), may not make an application for a deceased employee.

194 (3) Upon request by the office, the participating employer of the eligible employee shall provide to the office documentation and information concerning the eligible employee.

196 (4) The office:

197 (a) shall review all relevant information;

198 (b) may request additional information; and

199 (c) shall determine whether or not the eligible employee has a total disability.

200 (5)

. (a) If the office determines that the eligible employee has a total disability due to accidental bodily injury or illness that is not the result of the performance of an employment duty, the eligible employee shall receive a monthly disability benefit equal to:

204 (i) two-thirds of the eligible employee's regular monthly salary, for each month the total disability continues beyond the elimination period, not to exceed the maximum benefit period; minus

207 (ii) any required reductions or reimbursements under Section 49-21-402.

208

SB0022 compared with SB0022S01

- (b) For an eligible employee under an own occupation disability, the office shall, at the end of the two-year disability period or when a claim for total disability is made by an eligible employee:
- 211 (i) review and determine whether the eligible employee qualifies for ongoing disability benefits;
- 213 (ii) make the determination under Subsection (5)(b)(i) as of the day after the eligible employee's own occupation disability benefits end;
- 215 (iii) consider only objective medical impairment that the office determines as a disabling condition on the date of disability; and
- 217 (iv) exclude any new intervening causes or new diagnoses during the own occupation disability period.
- 219 (6)
- . (a) An eligible employee shall receive a monthly disability benefit equal to 100% of the eligible employee's regular monthly salary for each month the total disability continues beyond the elimination period, not to exceed the maximum benefit period, but reduced by any required reductions and reimbursements under Section 49-21-402, if the office determines that the employee meets all of the following:
- 224 (i) the eligible employee has a total disability:
- 225 (A) during the pilot period, due to a physical objective medical impairment or a mental objective medical impairment; or
- 227 (B) except as provided in Subsection (6)(b), after the pilot period, due to a physical objective medical impairment;
- 229 (ii) the objective medical impairment described in Subsection (6)(a)(i) resulted from physical, external force or violence to the body of the eligible employee in the performance of an employment duty; and
- 232 (iii) the eligible employee received workers' compensation indemnity benefits for the objective medical impairment described in Subsection (6)(a)(i).
- 234 (b) If an eligible employee qualifies for a total disability during the pilot period, the office shall determine whether the employee has a total disability after the pilot period due to a physical objective medical impairment or a mental objective medical impairment.
- 238 (c) An eligible employee who receives workers' compensation indemnity benefits for an objective medical impairment is not guaranteed to receive the 100% monthly disability benefit described in Subsection (6)(a).
- 241 (7)

SB0022 compared with SB0022S01

- . (a) Successive periods of disability are considered as a continuous period of disability if the period of disability:
- 243 (i) results from the same or related causes;
- 244 (ii) is separated by less than six months of continuous full-time work at the individual's usual place of employment; and
- 246 (iii) commences while the individual is an eligible employee covered by this chapter.
- 247 (b) The inability to work for a period of less than 15 consecutive calendar days is not considered as a period of disability.
- 249 (c) If Subsection (7)(a) or (b) does not apply, successive periods of disability are considered as separate periods of disability.
- 251 (8) The office may, at any time, have any eligible employee claiming to have a disability examined by a physician chosen by the office to determine if the eligible employee has a total disability.
- 254 (9)
- . (a) For purposes of determining whether an eligible employee has an ongoing disability, inability is determined:
- 256 (i) during the pilot period, due to physical objective medical impairment or mental objective medical impairment; or
- 258 (ii) except as provided in Subsection (9)(b), after the pilot period, due to a physical objective medical impairment.
- 260 (b) If an eligible employee has a total disability during the pilot period, the office shall determine whether the employee has an ongoing disability after the pilot period due to a physical objective medical impairment or a mental objective medical impairment.
- 263 (10) A claim brought by an eligible employee for long-term disability benefits under the Public Employee's Long-Term Disability Program is barred if it is not commenced within six months from the eligible employee's date of disability, unless the office determines that under the surrounding facts and circumstances, the eligible employee's failure to comply with the time limitations was reasonable.
- 268 (11)
- . (a) If the office denies or terminates a claim for long-term disability benefits, the eligible employee shall have the right to appeal the denial or termination:

270

SB0022 compared with SB0022S01

- (i) to the executive director of the office within 60 days after the day of the denial or termination of long-term disability benefits; and
- 272 (ii) in accordance with Section 49-11-613.
- 273 (b) An appeal of a denial or termination of long-term disability benefits described in Subsection (11)(a) is barred if it is not commenced within the time limit described in Subsection (11)(a).
- 276 (12) Medical or psychiatric conditions that existed before eligibility may not be a basis for disability benefits until the eligible employee has had one year of continuous eligibility in the Public Employees Long-Term Disability Program.
- 279 (13) If there is a valid benefit protection contract, service credit shall accrue during the period of total disability, unless the disabled eligible employee is:
- 281 (a) exempted from a system;
- 282 (b) eligible to retire with an unreduced retirement allowance; or
- 283 (c) otherwise ineligible for service credit.
- 284 (14) Regardless of any medical evidence provided by the employee to support the application for disability, an employee is not eligible for long-term disability benefits during any period in which the employee:
- 287 (a) makes a claim that the employee is able to work; or
- 288 (b) has a pending action in a court or before any federal, state, or local administrative body in which the employee has made a claim that the employee is able to work.
- 290 (15) Notwithstanding the provisions of Section 49-11-618, upon written request by an employer, information obtained under this part may, upon an order of a court or an administrative law judge, be released to an employer who is a party in an action under Subsection (14).
- 294 (16)
- . (a) Subject to Subsection (16)(b), if an eligible employee is receiving long-term disability benefits on the date of the eligible employee's death, the program shall pay the eligible employee's beneficiary, as defined in Section 49-11-102, a lump sum payment equal to three months of the eligible employee's monthly disability benefit.
- 298 (b) Section 49-21-402 does not apply to a lump sum payment described in Subsection (16)(a).
- 300 (17) An eligible employee receiving long-term disability benefits is eligible for any life assistance counseling that the program offers.

302

SB0022 compared with SB0022S01

[(16)] (18) On or after May 1, 2025, but on or before November 1, 2025, the office shall provide a written electronic report to the Retirement and Independent Entities Committee regarding the costs and benefits of the changes to the disability benefits during the pilot period.

306 Section 4. **Intent Language.**

The Legislature intends that beginning in fiscal year 2025-26:

- 308 (1) the state-paid basic life insurance benefit for exempt state employees be increased from \$25,000 to \$50,000;
- 310 (2) the state-paid life insurance benefit for exempt state employees include a \$300,000 tier for exempt state employees with salaries over \$75,000 per year and a \$400,000 tier for exempt state employees with salaries over \$100,000; and
- 313 (3) the cost of the benefit enhancements authorized in this bill be funded by a reduction in the employer paid premium rate described in Section 49-21-301, which equals \$2.4 million.

316 Section 5. **Effective date.**

This bill takes effect:

- 308 (1) except as provided in Subsection (2), May 7, 2025; or
- 309 (2) if approved by two-thirds of all members elected to each house:
- 310 (a) upon approval by the governor;
- 311 (b) without the governor's signature, the day following the constitutional time limit of Utah Constitution, Article VII, Section 8; or
- 313 (c) in the case of a veto, the date of veto override.

1-22-25 12:40 PM