

Wayne A. Harper proposes the following substitute bill:

**State Employee Benefit Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

House Sponsor: Cheryl K. Acton

---

---

**LONG TITLE**

**General Description:**

This bill modifies provisions related to public employee benefits.

**Highlighted Provisions:**

This bill:

- modifies the definition of gainful employment for purposes of the Public Employees'

Long-Term Disability Act;

- includes pay for time that exceeds an eligible employee's regular schedule in the calculation of the eligible employee's regular monthly salary;

- establishes a death benefit for employees receiving long-term disability benefits;

- makes life assistance counseling that the Utah State Retirement Office offers available to employees receiving long-term disability benefits;

- increases the state-paid basic life insurance benefit for exempt state employees;

- creates additional state-paid basic life insurance benefit tiers for exempt state employees;

and

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

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**49-11-609**, as last amended by Laws of Utah 2020, Chapter 24

**49-21-102**, as last amended by Laws of Utah 2023, Chapter 274

**49-21-401**, 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 . Beneficiary designations -- Revocation of beneficiary designation --**  
35 **Procedure -- Beneficiary not designated -- Payment to survivors in order established**  
36 **under the Uniform Probate Code -- Restrictions on payment -- Payment of deceased's**  
37 **expenses.**

38 (1) As used in this section, "member" includes a member, retiree, participant, covered  
39 individual, eligible employee as defined in Section 49-21-102, a spouse of a retiree  
40 participating in the insurance benefits created by Sections 49-12-404, 49-13-404,  
41 49-22-307, and 49-23-306, or an alternate payee under a domestic relations order  
42 dividing a defined contribution account.

43 (2)(a) Except as provided under Subsection (2)(b) or (c), the most recent beneficiary  
44 designations signed by the member and filed with the office, including electronic  
45 records, at the time of the member's death are binding in the payment of any benefits  
46 due under this title.

47 (b)(i) The divorce or annulment of a member's marriage shall revoke the member's  
48 former spouse as a beneficiary from any of the member's beneficiary designations.

49 (ii) A revocation of a former spouse as a beneficiary in accordance with Subsection  
50 (2)(b)(i) does not revoke any other beneficiaries named on the member's  
51 beneficiary designations.

52 (c) A former spouse whose beneficiary designation is revoked solely under Subsection  
53 (2)(b) shall be revived on the member's beneficiary designations by:

54 (i) the member's remarriage to the former spouse; or

55 (ii) a nullification of the divorce or annulment.

56 (d) A revocation under Subsection (2)(b) does not apply to a former spouse named as a  
57 beneficiary in a beneficiary designation signed by the member and filed with the  
58 office after the date of the divorce or annulment.

59 (e) The office is not liable for having made a payment of any benefits to a beneficiary  
60 designated in a beneficiary designation affected by a divorce, annulment, or  
61 remarriage before the office received written notice of the divorce, annulment, or  
62 remarriage.

- 63 (3)(a) Except where an optional continuing benefit is chosen, or the law makes a specific  
64 benefit designation to a dependent spouse, a member may revoke a beneficiary  
65 designation at any time and may execute and file a different beneficiary designation  
66 with the office.
- 67 (b) A beneficiary designation or change of beneficiary designation shall be completed on  
68 forms provided by the office.
- 69 (4)(a) All benefits payable by the office may be paid or applied to the benefit of the  
70 decedent's heirs in the order of precedence established under Title 75, Chapter 2,  
71 Intestate Succession and Wills, if:
- 72 (i) no beneficiary is designated or if all designated beneficiaries have predeceased the  
73 member;
- 74 (ii) the location of the beneficiary or secondary beneficiaries cannot be ascertained by  
75 the office within 12 months of the date a reasonable attempt is made by the office  
76 to locate the beneficiaries; or
- 77 (iii) the beneficiary has not completed the forms necessary to pay the benefits within  
78 six months of the date that beneficiary forms are sent to the beneficiary's  
79 last-known address.
- 80 (b)(i) A payment may not be made to a person included in any of the groups referred  
81 to in Subsection (4)(a) if at the date of payment there is a living person in any of  
82 the groups preceding it.
- 83 (ii) Payment to a person in any group may be based upon receipt of an affidavit in a  
84 form satisfactory to the office that:
- 85 (A) there are no living individuals in the group preceding it;
- 86 (B) the probate of the estate of the deceased has not been commenced; and
- 87 (C) more than 30 days have elapsed since the date of death of the decedent.
- 88 (5) Benefits paid under this section shall be:
- 89 (a) a full satisfaction and discharge of all claims for benefits under this title; and
- 90 (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 . Definitions.**
- 93 As used in this chapter:
- 94 (1) "Date of disability" means the date on which a period of total disability begins, and may  
95 not begin on or before the last day of performing full-duty work in the eligible  
96 employee's regular occupation.

- 97 (2)(a) "Eligible employee" means any of the following employees whose employer  
98 provides coverage under this chapter:
- 99 (i)(A) any regular full-time employee as defined under Section 49-12-102,  
100 49-13-102, or 49-22-102;
- 101 (B) any public safety service employee as defined under Section 49-14-102,  
102 49-15-102, or 49-23-102;
- 103 (C) any firefighter service employee or volunteer firefighter as defined under  
104 Section 49-23-102 who began firefighter service on or after July 1, 2011;
- 105 (D) any judge as defined under Section 49-17-102 or 49-18-102; or  
106 (E) the governor of the state;
- 107 (ii) an employee who is exempt from participating in a retirement system under  
108 Subsection 49-12-203(4), 49-13-203(4), 49-14-203(1), or 49-15-203(1); and  
109 (iii) an employee who is covered by a retirement program offered by a public or  
110 private system, organization, or company designated by the Utah Board of Higher  
111 Education.
- 112 (b) "Eligible employee" does not include:
- 113 (i) any employee that is exempt from coverage under Section 49-21-201; or  
114 (ii) a retiree.
- 115 (3) "Elimination period" means the three months at the beginning of each continuous period  
116 of total disability for which no benefit will be paid. The elimination period begins on  
117 the nearest first day of the month from the date of disability. The elimination period  
118 may include a one-time trial return to work period of less than 15 consecutive calendar  
119 days.
- 120 (4)(a) "Gainful employment" means any occupation or employment position in the state  
121 that:
- 122 (i) contemplates continued employment during a fiscal or calendar year; and  
123 (ii) would pay an amount equal to or greater than 40 hours per week at ~~[the legally~~  
124 ~~required minimum wage]~~ 60% of the eligible employee's regular monthly salary,  
125 regardless of the number of hours worked.
- 126 (b) "Gainful employment" does not mean that an occupation or employment position in  
127 the state is:
- 128 (i) available within any geographic boundaries of the state;  
129 (ii) offered at a certain level of wages;  
130 (iii) available at a particular number of hours per week; or

- 131 (iv) currently available.
- 132 (5) "Maximum benefit period" means the maximum period of time the monthly disability  
133 income benefit will be paid under Section 49-21-403 for any continuous period of total  
134 disability.
- 135 (6) "Monthly compensation" means:
- 136 (a) the amount an eligible employee's participating employer certifies under Section  
137 49-11-603; plus
- 138 (b) if not included in the amount described in Subsection (6)(a), the eligible employee's  
139 monthly compensation for the average number of hours the eligible employee  
140 demonstrates the eligible employee worked per week during the preceding 12-month  
141 period that exceeded the eligible employee's regular weekly schedule, up to 10 hours  
142 per week, calculated at the eligible employee's base rate of pay.
- 143 [(6)] (7) "Monthly disability benefit" means the monthly payments and accrual of service  
144 credit under Section 49-21-401.
- 145 [(7)] (8) "Objective medical impairment" means an impairment resulting from an injury or  
146 illness that is diagnosed by a physician and that is based on accepted objective medical  
147 tests or findings rather than subjective complaints.
- 148 [(8)] (9) "Ongoing disability" means, after the elimination period and the first 24 months of  
149 disability benefits, the complete inability due to objective medical impairment, as  
150 determined under Subsection 49-21-401(9), to engage in any gainful employment which  
151 is reasonable, considering the eligible employee's education, training, and experience.
- 152 [(9)] (10) "Own occupation disability" means the complete inability, due to objective  
153 medical impairment, whether physical or mental, to engage in the eligible employee's  
154 regular occupation during the elimination period and the first 24 months of disability  
155 benefits.
- 156 [(10)] (11) "Physician" means a licensed physician.
- 157 [(11)] (12) "Pilot period" means the period beginning on July 1, 2023, and ending on June  
158 30, 2026.
- 159 [(12)] (13) "Regular monthly salary" means the amount certified by the participating  
160 employer as the eligible employee's monthly [salary of the eligible employee]  
161 compensation, unless there is a discrepancy between the certified amount and the  
162 amount actually paid, in which case the office shall determine the regular monthly salary.
- 163 [(13)] (14) "Regular occupation" means either:
- 164 (a) the primary duties performed by the eligible employee for the 12 months preceding

165 the date of disability; or  
166 (b) a permanent assignment of duty to the eligible employee, as long as the eligible  
167 employee has actually performed all the required duties of the permanent assignment  
168 of duty.

169 ~~[(14)]~~ (15) "Rehabilitative employment" means any occupation or employment for wage or  
170 profit, for which the eligible employee is reasonably qualified to perform based on  
171 education, training, or experience.

172 ~~[(15)]~~ (16) "Total disability" means:

- 173 (a) own occupation disability; or
- 174 (b) ongoing disability.

175 ~~[(16)]~~ (17)(a) "Workers' compensation indemnity benefits" means benefits provided that  
176 are designed to replace wages under Title 34A, Chapter 2, Part 4, Compensation and  
177 Benefits, including wage replacement for a temporary disability, temporary partial  
178 disability, permanent partial disability, or permanent total disability.

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

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

182 **49-21-401 . 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  
186 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  
189 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  
193 employee.

194 (3) Upon request by the office, the participating employer of the eligible employee shall  
195 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  
201 accidental bodily injury or illness that is not the result of the performance of an  
202 employment duty, the eligible employee shall receive a monthly disability benefit  
203 equal to:
- 204 (i) two-thirds of the eligible employee's regular monthly salary, for each month the  
205 total disability continues beyond the elimination period, not to exceed the  
206 maximum benefit period; minus
  - 207 (ii) any required reductions or reimbursements under Section 49-21-402.
- 208 (b) For an eligible employee under an own occupation disability, the office shall, at the  
209 end of the two-year disability period or when a claim for total disability is made by  
210 an eligible employee:
- 211 (i) review and determine whether the eligible employee qualifies for ongoing  
212 disability benefits;
  - 213 (ii) make the determination under Subsection (5)(b)(i) as of the day after the eligible  
214 employee's own occupation disability benefits end;
  - 215 (iii) consider only objective medical impairment that the office determines as a  
216 disabling condition on the date of disability; and
  - 217 (iv) exclude any new intervening causes or new diagnoses during the own occupation  
218 disability period.
- 219 (6)(a) An eligible employee shall receive a monthly disability benefit equal to 100% of  
220 the eligible employee's regular monthly salary for each month the total disability  
221 continues beyond the elimination period, not to exceed the maximum benefit period,  
222 but reduced by any required reductions and reimbursements under Section 49-21-402,  
223 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  
226 mental objective medical impairment; or
    - 227 (B) except as provided in Subsection (6)(b), after the pilot period, due to a  
228 physical objective medical impairment;
  - 229 (ii) the objective medical impairment described in Subsection (6)(a)(i) resulted from  
230 physical, external force or violence to the body of the eligible employee in the  
231 performance of an employment duty; and
  - 232 (iii) the eligible employee received workers' compensation indemnity benefits for the

- 233 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  
235 office shall determine whether the employee has a total disability after the pilot  
236 period due to a physical objective medical impairment or a mental objective medical  
237 impairment.
- 238 (c) An eligible employee who receives workers' compensation indemnity benefits for an  
239 objective medical impairment is not guaranteed to receive the 100% monthly  
240 disability benefit described in Subsection (6)(a).
- 241 (7)(a) Successive periods of disability are considered as a continuous period of disability  
242 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  
245 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  
248 considered as a period of disability.
- 249 (c) If Subsection (7)(a) or (b) does not apply, successive periods of disability are  
250 considered as separate periods of disability.
- 251 (8) The office may, at any time, have any eligible employee claiming to have a disability  
252 examined by a physician chosen by the office to determine if the eligible employee has a  
253 total disability.
- 254 (9)(a) For purposes of determining whether an eligible employee has an ongoing  
255 disability, inability is determined:
- 256 (i) during the pilot period, due to physical objective medical impairment or mental  
257 objective medical impairment; or
- 258 (ii) except as provided in Subsection (9)(b), after the pilot period, due to a physical  
259 objective medical impairment.
- 260 (b) If an eligible employee has a total disability during the pilot period, the office shall  
261 determine whether the employee has an ongoing disability after the pilot period due  
262 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  
264 Public Employee's Long-Term Disability Program is barred if it is not commenced  
265 within six months from the eligible employee's date of disability, unless the office  
266 determines that under the surrounding facts and circumstances, the eligible employee's



- 267 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  
269 eligible employee shall have the right to appeal the denial or termination:
- 270 (i) to the executive director of the office within 60 days after the day of the denial or  
271 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  
274 Subsection (11)(a) is barred if it is not commenced within the time limit described in  
275 Subsection (11)(a).
- 276 (12) Medical or psychiatric conditions that existed before eligibility may not be a basis for  
277 disability benefits until the eligible employee has had one year of continuous eligibility  
278 in the Public Employees Long-Term Disability Program.
- 279 (13) If there is a valid benefit protection contract, service credit shall accrue during the  
280 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  
285 application for disability, an employee is not eligible for long-term disability benefits  
286 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  
289 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  
291 employer, information obtained under this part may, upon an order of a court or an  
292 administrative law judge, be released to an employer who is a party in an action under  
293 Subsection (14).
- 294 (16)(a) Subject to Subsection (16)(b), if an eligible employee is receiving long-term  
295 disability benefits on the date of the eligible employee's death, the program shall pay  
296 the eligible employee's beneficiary, as defined in Section 49-11-102, a lump sum  
297 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  
299 (16)(a).
- 300 (17) An eligible employee receiving long-term disability benefits is eligible for any life

301 assistance counseling that the program offers.  
302 [(+6)] (18) On or after May 1, 2025, but on or before November 1, 2025, the office shall  
303 provide a written electronic report to the Retirement and Independent Entities  
304 Committee regarding the costs and benefits of the changes to the disability benefits  
305 during the pilot period.

306 Section 4. **Intent Language.**

307 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  
309 \$25,000 to \$50,000;  
310 (2) the state-paid life insurance benefit for exempt state employees include a \$300,000 tier  
311 for exempt state employees with salaries over \$75,000 per year and a \$400,000 tier for  
312 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  
314 the employer paid premium rate described in Section 49-21-301, which equals \$2.4  
315 million.

316 Section 5. **Effective Date.**

317 This bill takes effect:

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