

**PUBLIC EMPLOYEE DISABILITY BENEFITS**

**AMENDMENTS**

2023 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Brian S. King**

Senate Sponsor: Curtis S. Bramble

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**LONG TITLE**

**General Description:**

This bill amends the Public Employees' Long-Term Disability Act.

**Highlighted Provisions:**

This bill:

- ▶ establishes a three-year pilot period during which an eligible employee with a mental objective medical impairment qualifies for the same disability benefit as the eligible employee would receive for a physical objective medical impairment;
- ▶ creates review and compliance requirements for an individual receiving a disability benefit; and
- ▶ makes technical and corresponding changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**49-21-102**, as last amended by Laws of Utah 2020, Chapter 365

**49-21-401**, as last amended by Laws of Utah 2018, Chapter 185

**49-21-402**, as last amended by Laws of Utah 2019, Chapter 349



28            **49-21-406**, as last amended by Laws of Utah 2019, Chapter 349

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

31            Section 1. Section **49-21-102** is amended to read:

32            **49-21-102. Definitions.**

33            As used in this chapter:

34            (1) "Date of disability" means the date on which a period of total disability begins, and  
35 may not begin on or before the last day of performing full-duty work in the eligible employee's  
36 regular occupation.

37            (2) (a) "Eligible employee" means any of the following [~~employee~~] employees whose  
38 employer provides coverage under this chapter:

39            (i) (A) any regular full-time employee as defined under Section **49-12-102**, **49-13-102**,  
40 or **49-22-102**;

41            (B) any public safety service employee as defined under Section **49-14-102**, **49-15-102**,  
42 or **49-23-102**;

43            (C) any firefighter service employee or volunteer firefighter as defined under Section  
44 **49-23-102** who began firefighter service on or after July 1, 2011;

45            (D) any judge as defined under Section **49-17-102** or **49-18-102**; or

46            (E) the governor of the state;

47            (ii) an employee who is exempt from participating in a retirement system under  
48 Subsection **49-12-203(4)**, **49-13-203(4)**, **49-14-203(1)**, or **49-15-203(1)**; and

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

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

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

53            (ii) a retiree.

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

58            (4) (a) "Gainful employment" means any occupation or employment position in the

59 state that:

60 (i) contemplates continued employment during a fiscal or calendar year; and  
61 (ii) would pay an amount equal to or greater than 40 hours per week at the legally  
62 required minimum wage, regardless of the number of hours worked.

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

65 (i) available within any geographic boundaries of the state;  
66 (ii) offered at a certain level of wages;  
67 (iii) available at a particular number of hours per week; or  
68 (iv) currently available.

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

72 (6) "Monthly disability benefit" means the monthly payments and accrual of service  
73 credit under Section 49-21-401.

74 (7) "Objective medical impairment" means an impairment resulting from an injury or  
75 illness ~~[which]~~ that is diagnosed by a physician and ~~[which]~~ that is based on accepted objective  
76 medical tests or findings rather than subjective complaints.

77 (8) ~~[(a)]~~ "Ongoing disability" means, after the elimination period and the first 24  
78 months of disability benefits, the complete inability due to objective medical impairment, as  
79 determined under ~~[Subsection (8)(b)]~~ Subsection 49-21-401(9), to engage in any gainful  
80 employment which is reasonable, considering the eligible employee's education, training, and  
81 experience.

82 ~~[(b) For purposes of Subsection (8)(a), inability is determined:]~~

83 ~~[(i) based solely on physical objective medical impairment; and]~~

84 ~~[(ii) regardless of the existence or absence of any mental impairment.]~~

85 (9) "Own occupation disability" means the complete inability, due to objective medical  
86 impairment, whether physical or mental, to engage in the eligible employee's regular  
87 occupation during the elimination period and the first 24 months of disability benefits.

88 (10) "Physician" means a licensed physician.

89 (11) "Pilot period" means the period beginning on July 1, 2023, and ending on June 30,

90 2026.

91 [~~(11)~~] (12) "Regular monthly salary" means the amount certified by the participating  
92 employer as the monthly salary of the eligible employee, unless there is a discrepancy between  
93 the certified amount and the amount actually paid, in which case the office shall determine the  
94 regular monthly salary.

95 [~~(12)~~] (13) "Regular occupation" means either:

96 (a) the primary duties performed by the eligible employee for the 12 months preceding  
97 the date of disability; or

98 (b) a permanent assignment of duty to the eligible employee, as long as the eligible  
99 employee has actually performed all the required duties of the permanent assignment of duty.

100 [~~(13)~~] (14) "Rehabilitative employment" means any occupation or employment for  
101 wage or profit, for which the eligible employee is reasonably qualified to perform based on  
102 education, training, or experience.

103 [~~(14)~~] (15) "Total disability" means:

104 (a) own occupation disability; or

105 (b) ongoing disability.

106 [~~(15)~~] (16) (a) "Workers' compensation indemnity benefits" means benefits provided  
107 that are designed to replace wages under Title 34A, Chapter 2, Part 4, Compensation and  
108 Benefits, including wage replacement for a temporary disability, temporary partial disability,  
109 permanent partial disability, or permanent total disability.

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

112 Section 2. Section **49-21-401** is amended to read:

113 **49-21-401. Disability benefits -- Application -- Eligibility.**

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

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

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

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

120 (2) (a) If an eligible employee is unable to apply on the employee's own behalf, the

121 application may be made by a person who is:

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

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

124 (b) A person described in Subsection (2)(a), may not make an application for a

125 deceased employee.

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

128 (4) The office:

129 (a) shall review all relevant information;

130 (b) may request additional information; and

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

132 (5) (a) If the office determines that the eligible employee has a total disability due to  
133 accidental bodily injury or [physical] illness [which] that is not the result of the performance of  
134 an employment duty, the eligible employee shall receive a monthly disability benefit equal to:

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

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

139 (b) For an eligible employee under an own occupation disability, the office shall, at the  
140 end of the two-year disability period or when a claim for total disability is made by an eligible  
141 employee:

142 (i) review and determine whether the eligible employee qualifies for ongoing disability  
143 benefits;

144 (ii) make the determination under Subsection (5)(b)(i) as of the day after the eligible  
145 employee's own occupation disability benefits end;

146 (iii) consider only [physical] objective medical impairment that the office determines  
147 as a disabling condition on the date of disability; and

148 (iv) exclude any new intervening causes or new diagnoses during the own occupation  
149 disability period.

150 [~~(6) If the office determines that the eligible employee has a total disability due to~~  
151 ~~psychiatric illness, the eligible employee shall receive:]~~

152 ~~[(a) a maximum of two years of monthly disability benefits equal to two-thirds of the~~  
153 ~~eligible employee's regular monthly salary for each month the total disability continues beyond~~  
154 ~~the elimination period;]~~

155 ~~[(b) a maximum of \$10,000 for psychiatric expenses, including rehabilitation expenses~~  
156 ~~preauthorized by the office's consultants, paid during the period of monthly disability benefits;~~  
157 ~~and]~~

158 ~~[(c) payment of monthly disability benefits according to contractual provisions for a~~  
159 ~~period not to exceed five years if the eligible employee is institutionalized due to psychiatric~~  
160 ~~illness;]~~

161 ~~[(7)]~~ (6) (a) An eligible employee shall receive a monthly disability benefit equal to  
162 100% of the eligible employee's regular monthly salary for each month the total disability  
163 continues beyond the elimination period, not to exceed the maximum benefit period, but  
164 reduced by any required reductions and reimbursements under Section 49-21-402, if the office  
165 determines that the employee meets all of the following:

166 (i) the eligible employee has a total disability:

167 (A) during the pilot period, due [solely] to a physical objective medical impairment or  
168 a mental objective medical impairment; or

169 (B) except as provided in Subsection (6)(b), after the pilot period, due to a physical  
170 objective medical impairment;

171 (ii) the ~~[physical]~~ objective medical impairment described in Subsection ~~[(7)(a)(i)]~~  
172 (6)(a)(i) resulted from physical, external force or violence ~~[as a result of]~~ to the body of the  
173 eligible employee in the performance of an employment duty; and

174 (iii) the eligible employee received workers' compensation indemnity benefits for the  
175 ~~[physical]~~ objective medical impairment described in Subsection ~~[(7)(a)(i)]~~ (6)(a)(i).

176 (b) If an eligible employee qualifies for a total disability during the pilot period, the  
177 office shall determine whether the employee has a total disability after the pilot period due to a  
178 physical objective medical impairment or a mental objective medical impairment.

179 (c) An eligible employee who receives workers' compensation indemnity benefits for ~~[a~~  
180 ~~physical]~~ an objective medical impairment is not guaranteed to receive the 100% monthly  
181 disability benefit described in Subsection ~~[(7)(a)]~~ (6)(a).

182 ~~[(8)]~~ (7) (a) Successive periods of disability are considered as a continuous period of

183 disability if the period of disability:

184 (i) results from the same or related causes;

185 (ii) is separated by less than six months of continuous full-time work at the individual's  
186 usual place of employment; and

187 (iii) commences while the individual is an eligible employee covered by this chapter.

188 (b) The inability to work for a period of less than 15 consecutive calendar days is not  
189 considered as a period of disability.

190 (c) If Subsection [~~(8)(a)~~] (7)(a) or (b) does not apply, successive periods of disability  
191 are considered as separate periods of disability.

192 [~~(9)~~] (8) The office may, at any time, have any eligible employee claiming to have a  
193 disability examined by a physician chosen by the office to determine if the eligible employee  
194 has a total disability.

195 (9) (a) For purposes of determining whether an eligible employee has an ongoing  
196 disability, inability is determined:

197 (i) during the pilot period, due to physical objective medical impairment or mental  
198 objective medical impairment; or

199 (ii) except as provided in Subsection (9)(b), after the pilot period, due to a physical  
200 objective medical impairment.

201 (b) If an eligible employee has a total disability during the pilot period, the office shall  
202 determine whether the employee has an ongoing disability after the pilot period due to a  
203 physical objective medical impairment or a mental objective medical impairment.

204 (10) A claim brought by an eligible employee for long-term disability benefits under  
205 the Public Employee's Long-Term Disability Program is barred if it is not commenced within  
206 six months from the eligible employee's date of disability, unless the office determines that  
207 under the surrounding facts and circumstances, the eligible employee's failure to comply with  
208 the time limitations was reasonable.

209 (11) (a) If the office denies or terminates a claim for long-term disability benefits, the  
210 eligible employee shall have the right to appeal the denial or termination:

211 (i) to the executive director of the office within 60 days [~~of~~] after the day of the denial  
212 or termination of long-term disability benefits; and

213 (ii) in accordance with Section [49-11-613](#).

214 (b) An appeal of a denial or termination of long-term disability benefits described in  
 215 Subsection (11)(a) is barred if it is not commenced within the time limit described in  
 216 Subsection (11)(a).

217 (12) Medical or psychiatric conditions [~~which existed prior to~~] that existed before  
 218 eligibility may not be a basis for disability benefits until the eligible employee has had one year  
 219 of continuous eligibility in the Public Employees Long-Term Disability Program.

220 (13) If there is a valid benefit protection contract, service credit shall accrue during the  
 221 period of total disability, unless the disabled eligible employee is:

- 222 (a) exempted from a system;
- 223 (b) eligible to retire with an unreduced retirement allowance; or
- 224 (c) otherwise ineligible for service credit.

225 (14) Regardless of any medical evidence provided by the employee to support the  
 226 application for disability, an employee is not eligible for long-term disability benefits during  
 227 any period in which the employee:

- 228 (a) makes a claim that the employee is able to work; or
- 229 (b) has a pending action in a court or before any federal, state, or local administrative  
 230 body in which the employee has made a claim that the employee is able to work.

231 (15) Notwithstanding the provisions of Section [49-11-618](#), upon written request by an  
 232 employer, information obtained under this part may, upon an order of a court or an  
 233 administrative law judge, be released to an employer who is a party in an action under  
 234 Subsection (14).

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

238 Section 3. Section [49-21-402](#) is amended to read:

239 **49-21-402. Reduction or reimbursement of benefit -- Circumstances --**

240 **Application for other benefits required.**

241 (1) A monthly disability benefit may be ~~is~~ **reduced, suspended, or** terminated ~~is~~  
 241a ~~;~~ **suspended, or reduced** ~~is~~ unless:

242 (a) the eligible employee ~~is under the~~ participates in ongoing care and treatment ~~[of a~~  
 243 ~~physician or physician assistant other than the eligible employee; and]~~ in accordance with  
 244 Subsection [49-21-406](#)(3) or (4); and



245 (b) the eligible employee provides the information and documentation requested by the  
246 office.

247 (2) (a) The monthly disability benefit shall be reduced or reimbursed by any amount  
248 received by, or payable to, the eligible employee for the same injury or illness that is the basis  
249 for the monthly disability benefit from the following sources:

250 (i) workers' compensation indemnity benefits, regardless of whether the amount is  
251 received as an ongoing monthly benefit, as a lump sum, or in a settlement with a workers'  
252 compensation indemnity carrier;

253 (ii) any money received by judgment, legal action, or settlement from a third party  
254 liable to the employee for the monthly disability benefit;

255 (iii) automobile no-fault, medical payments, or similar insurance payments;

256 (iv) any money received by a judgment, settlement, or other payment as a result of a  
257 claim against an employer; or

258 (v) annual leave or similar lump-sum payments.

259 (b) The monthly disability benefit shall be reduced or reimbursed by any amount  
260 received by, or payable to, the eligible employee for the same period of time during which the  
261 eligible employee is entitled to receive a monthly disability benefit from the following sources:

262 (i) social security disability benefits, including all benefits received by the eligible  
263 employee, the eligible employee's spouse, and the eligible employee's children as determined  
264 by the Social Security Administration;

265 (ii) unemployment compensation benefits;

266 (iii) sick leave benefits; or

267 (iv) compensation received for employment, including self-employment, except for  
268 eligible amounts from approved rehabilitative employment in accordance with Section  
269 [49-21-406](#).

270 (3) The monthly disability benefit shall be reduced by any amount in excess of  
271 one-third of the eligible employee's regular monthly salary received by, or payable to, the  
272 eligible employee from the following sources for the same period of time during which the  
273 eligible employee is entitled to receive a monthly disability benefit:

274 (a) any retirement payment earned through or provided by public or private  
275 employment; and

276 (b) any disability benefit, other than social security or workers' compensation  
277 indemnity benefits, resulting from the disability for which benefits are being received under  
278 this chapter.

279 (4) After the date of disability, cost-of-living increases to any of the benefits listed in  
280 Subsection (2) or (3) may not be considered in calculating a reduction to the monthly disability  
281 benefit.

282 (5) Any amounts payable to the eligible employee from one or more of the sources  
283 under Subsection (2) are considered as amounts received whether or not the amounts were  
284 actually received by the eligible employee.

285 (6) (a) An eligible employee shall first apply for all disability benefits from  
286 governmental entities under Subsection (2) to which the eligible employee is or may be  
287 entitled, and provide to the office evidence of the applications.

288 (b) If the eligible employee fails to make application under this Subsection (6), the  
289 monthly disability benefit shall be suspended.

290 (7) During a period of total disability, an eligible employee has an affirmative duty to  
291 keep the program informed regarding:

292 (a) the award or receipt of an amount from a source that could result in the monthly  
293 disability benefit being reduced or reimbursed under this section within 10 days ~~of~~ after the  
294 day of the award or receipt of the amount; and

295 (b) any employment, including self-employment, of the eligible employee and the  
296 compensation for that employment within 10 days ~~of~~ after the beginning the employment or a  
297 material change in the compensation from that employment.

298 (8) The program shall use commercially reasonable means to collect any amounts of  
299 overpayments and reimbursements.

300 (9) (a) If the program is unable to reduce or obtain reimbursement for the required  
301 amount from the monthly disability benefit for any reason, the employee will have received an  
302 overpayment of monthly disability benefits.

303 (b) If an eligible employee receives an overpayment of monthly disability benefits, the  
304 eligible employee shall repay to the office the amount of the overpayment, plus interest as  
305 determined by the program, within 30 days from the date the overpayment is received by:

306 (i) the eligible employee; or

307 (ii) a third party related to the eligible employee.

308 (c) The executive director may waive the interest on an overpayment of monthly  
309 disability benefits under Subsection (9)(b) if good cause is shown for the delay in repayment of  
310 the overpayment of monthly disability benefits.

311 Section 4. Section **49-21-406** is amended to read:

312 **49-21-406. Rehabilitative employment -- Interview by disability specialist --**  
313 **Maintaining eligibility -- Additional treatment and care.**

314 (1) (a) If an eligible employee, during a period of total disability for which the monthly  
315 disability benefit is payable, engages in approved rehabilitative employment, the monthly  
316 disability benefit otherwise payable shall be reduced:

317 (i) by an amount equal to 50% of the income to which the eligible employee is entitled  
318 for the employment during the month; and

319 (ii) so that the combined amount received from the rehabilitative employment and the  
320 monthly disability payment does not exceed 100% of the eligible employee's monthly salary  
321 prior to the employee's disability.

322 (b) This rehabilitative benefit is payable for up to two years or to the end of the  
323 maximum benefit period, whichever occurs first.

324 (2) (a) The office shall review an eligible employee's total disability at least one time  
325 each year.

326 [~~(a) Each~~] (b) The office shall interview each eligible employee receiving a monthly  
327 disability benefit [~~shall be interviewed by the office~~].

328 [~~(b)~~] (c) The office may refer the eligible employee to a rehabilitative or vocational  
329 specialist for a review of the eligible employee's condition and a written rehabilitation plan and  
330 return to work assistance.

331 (3) If an eligible employee receiving a monthly disability benefit fails to participate in  
332 an office-approved rehabilitation program within the limitations set forth by a physician or  
333 physician assistant, the monthly disability benefit may be reduced, suspended, or terminated.

334 (4) The office may, as a condition of paying a monthly disability benefit, require that  
335 the eligible employee receive medical care and treatment if that treatment is reasonable or usual  
336 according to current medical practices.

337 Section 5. **Effective date.**

338

This bill takes effect on July 1, 2023.