



# Short-term disability insurance for medical groups

## *Standard enhanced contract provisions*

### Residual disability definition

- Own specialty including sub-specialty definition of occupation for physicians
- Weekly benefits up to 60% of employee's lost income
- Waiting periods for accident and sickness ranging from 1-30 days and maximum benefit duration coordinates with your LTD program
- Contributory and non-contributory plans
- Vocational rehabilitation initiated on appropriate claims for earlier identification of return-to-work opportunities

### Enhanced contract options

Options which match your desire to encourage claimants to return-to-work and replace the most lost income in all claims situations.

- There are three return-to-work incentive calculation options
  - A. 50% offset (standard)
  - B. Proportionate loss (good for high earners)
  - C. 100% from all sources
- There are two salary continuation/sick pay coordination methods
  - A. Direct offset (standard)
  - B. 100% from all sources



## Sub-specialty definition of disability

Lockton and Stratum place physician groups and healthcare systems with carriers whose contracts specifically define “own occupation” as the specialty or sub-specialty a physician was performing at the date of disability.

- Over 145 sub-specialties recognized by the AMBS
- No board certification required
- No limited period of time
- No earnings loss required during the elimination period
- No specialty-based income requirement
- Claim office experienced in adjudicating provision

## Minimal contract limitations

The LTD contract should not contain the following.

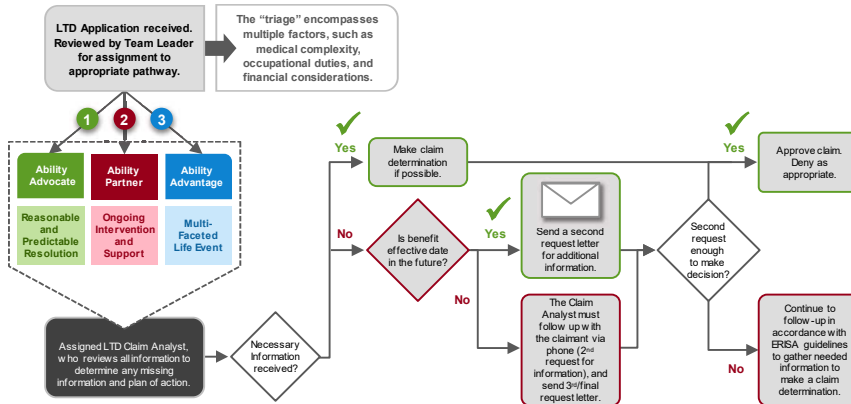
- Prudent person
- Self-reported conditions
- Musculoskeletal
- Reasonable accommodation
- Mandatory rehabilitation
- Maximum capacity during the own occupation benefit period
- Limitations on living outside of the United States or Canada

## Examples of AMBS recognized subspecialties

- **Anesthesiology** — pain medicine, pediatric anesthesiology, sleep medicine, and critical care medicine
- **Internal medicine** — advanced heart failure and transplant cardiology, cardiovascular disease, gastroenterology, hematology, and interventional cardiology
- **Pediatrics** — adolescent medicine, neonatal, perinatal medicine, pediatric cardiology, and pediatric gastroenterology
- **Diagnostic radiology** — neuroradiology, nuclear radiology, pediatric radiology, vascular, and interventional radiology

# Specialized claim handling for physicians

## STANDALONE LTD CLAIM INITIATION



## Standard enhanced contract provisions

Our standard LTD provisions are of special interest to medical groups.

- Own specialty including sub-specialty definition of occupation for physicians
- Elimination period is satisfied with a loss of just one essential duty — income loss is not required
- “Greater of” two return-to-work benefit formulas
- Advantageous treatment of salary continuation/sick leave/PTO/STD
- No reduction to benefits for individual disability and employer retirement benefits
- Conversion benefit, sabbatical leave continuation
- Workplace modification benefit
- Progressive illness benefit
- Accidental dismemberment and loss of sight

## Long-term disability insurance for medical groups

Stratum knows your business and can adapt to your unique needs. All physician claims are processed by our most experienced ability analysts.

- Over 22 years dedicated to the industry; with more than 6 years tenure
- Single point of contact for each claimant to develop a personalized experience
- Experience with the unique issues of every specialty, sub-specialty, and the impact of a disability
- Understanding of different types of income, receivables, and their impact on a disability claim
- Peer-to-peer review of medical information, both in-house and third party

### Claimant satisfaction

LTD 98.5%

STD 89%

### Average turnaround time

LTD Over 90% within 30 days of the benefit effective date

LTD with STD Over 96% within 20 days of the benefit effective date

### New LTD claims received

Over 1,200

### Return-to-work

Over 30% of our claimants have worked while receiving a benefit

# Stratum physician income protection

## Strategies

### EFFICIENT PROGRAM DESIGN

- Align STD, LTD, and FMLA to enhance claim management, manage leave more efficiently and leverage cost

### SUPERIOR PRODUCTS AND SERVICE

- Best-in-class policy language and claim support for physicians

### CLOSE GAP IN PROGRAM DESIGN

- Utilize guaranteed issue voluntary benefit restorations for highly compensated employees

### GROUP PURCHASING

- Significantly reduce price volatility driven by market fluctuation and claim experience

### KNOWLEDGE SHARING

- Capitalize on member best practices

% OF INCOME REPLACEMENT	100%	<b>CATASTROPHIC DISABILITY BENEFIT<sup>1</sup></b> <ul style="list-style-type: none"> <li>Covers an additional \$8,000 to \$10,000/month to a maximum of 100% of total compensation</li> <li>Payable with ADL-loss, cognitive impairment, or presumptive disability (these are the traditional triggers for long-term care insurance)</li> </ul>	BENEFIT RESTORATION FOR HIGHLY COMPENSATED
	60% base salary + bonus	<b>VOLUNTARY INDIVIDUAL DISABILITY INSURANCE</b> <ul style="list-style-type: none"> <li>Insurable income is base salary + 75% to 100% of bonus</li> <li>Combined with LTD insures up to 60% of total compensation to a cap of \$5,000 to \$10,000/month</li> <li>Guaranteed Issue to no exams!</li> <li>Individual rates are level and cannot increase with age</li> <li>Individually-owned coverage; 100% portable</li> <li>Tax-free benefits</li> </ul>	BENEFIT RESTORATION FOR HIGHLY COMPENSATED
	60% of base salary only	<b>CURRENT GROUP LONG-TERM DISABILITY</b> <ul style="list-style-type: none"> <li>180-day elimination period</li> <li>60% of base salary</li> <li>Monthly maximum benefit amount = \$15,000</li> <li>Taxable benefits</li> </ul>	TYPICAL PROGRAM DESIGN
	60% of base salary only	<b>SHORT-TERM DISABILITY</b> <ul style="list-style-type: none"> <li>Elimination period of 30 days (sick days must be exhausted)</li> <li>Coverage begins day 31 and ends day 120</li> <li>Benefit of 60% basic weekly salary up to \$1,500</li> </ul>	TYPICAL PROGRAM DESIGN

Benefit duration = Full Social Security retirement age (65-67)

<sup>1</sup> Catastrophic disability benefits are paid if the employee loses the ability to perform two or more activities of daily living (eating, bathing, dressing, transferring, toileting, and continence); becomes cognitively impaired; or presumptively disabled

### STRATUM LTD BENCHMARK

LTD who pays?	Eligibility waiting period	Elimination period	Benefit %	Monthly max	Def of pre-disability earnings
60% employee Paid/40% ER	40% first of month following hire date 59% wait of 30, 60, or 90 days	62.5% — 90 days 29% — 180 days 8.5% — 270 days	79% — 60% ben 8% — 50% ben 13% — >60%	Average — \$11,772 Median — \$15,000	54% use W-2 wages 46% use base monthly pay