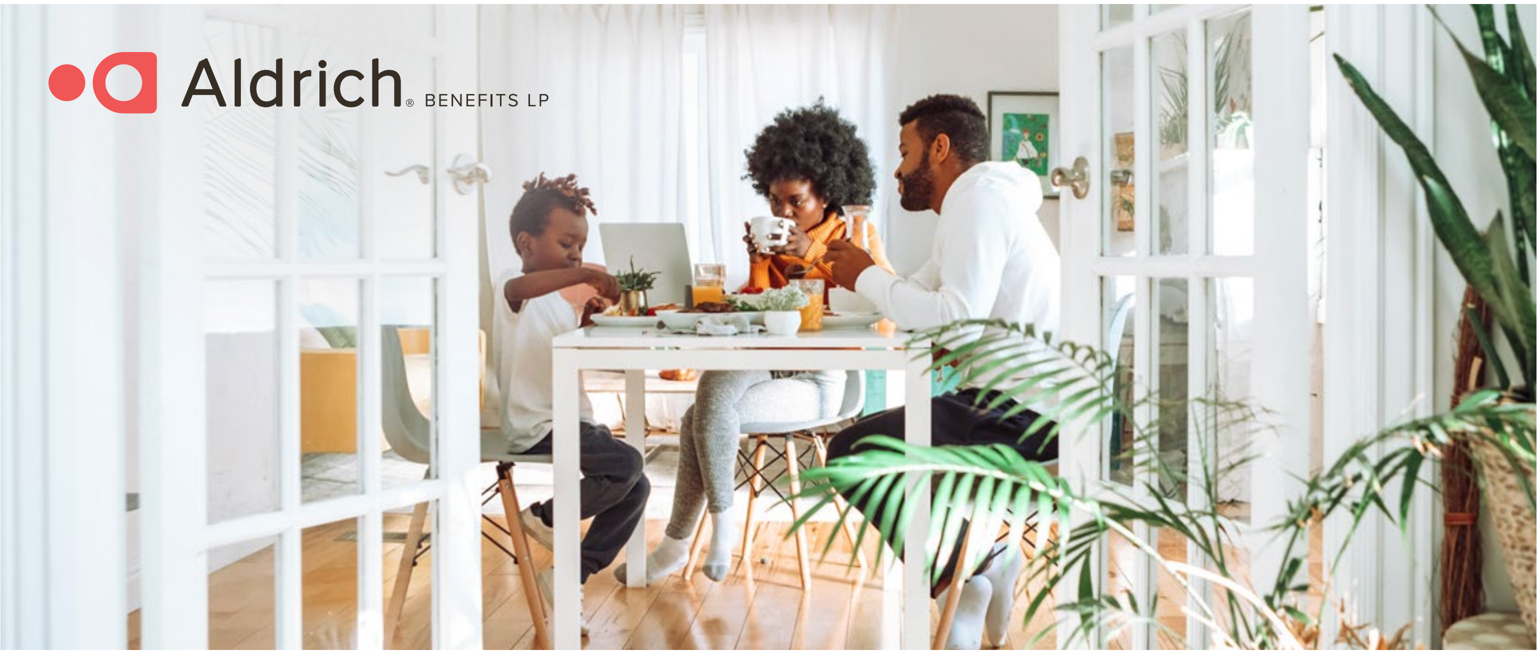

PAID LEAVE OREGON:
SHORT-TERM DISABILITY CONSIDERATIONS

With the introduction of Paid Leave Oregon, many employers are reevaluating their short-term disability (STD) programs and if there will be a future need for this coverage. The answer to whether STD coverage should remain in place alongside Paid Leave is going to be different for each employer, but there are several factors that employers should take into consideration. If you do decide to eliminate your company STD plan, be sure that you do not terminate the plan until Paid Leave Oregon begins their benefit period on September 3, 2023.

	Short-Term Disability	Paid Leave Oregon
Part-time Employees Covered	No	Yes
Elimination Period	Yes	No
Income Replacement	Yes	Yes
Offset with Other Benefits	Yes	No
Maximum Duration of Benefit	• Defined by group plan • Per occurrence	• 12 weeks (plus two weeks for pregnancy related complications) • Per 52-week period
Covered Medical Events	Disability for Employee (includes pregnancy – six-week standard delivery, eight-week C-section disability) that leads to loss of income and inability to perform all duties of their occupation	Serious Health Condition for Employee, Spouse, Same Sex Domestic Partner, Parent, Grandparent, Child, Grandchild, Parent-in-Law, anyone you have a familial relationship with by means of affinity
Maternity/Paternity Leave	No	Yes
Safe Leave	No	Yes

It is important to note that STD benefits will be offset, dollar for dollar, by any benefits received from the Paid Leave Oregon program. This means that in most circumstances, an employee will not be able to collect STD and Paid Leave for the same event–beyond the minimum weekly $15 STD benefit.

For example: **STD Plan: 60% to $1,200/week** **Employee Salary: $75,000/year**

Salary	STD Benefit	Paid Leave Benefit	STD Offset	New STD Benefit
$75,000	$865/week	$1,119/week	$865 - $1,119 = (-$254)	$15

In this example, so long as the Paid Leave benefits are being paid out, the STD will only pay $15/week because the Paid Leave benefit is greater than the STD benefit. Based on the current State Average Weekly Wage, only plans with a benefit amount more than $1,500/week and employees earning more than $130,00 would realize a benefit greater than $15 on a typical 60% income replacement plan.

There are a couple of instances where STD would still prove beneficial:

An employee who has fully exhausted their Paid Leave benefits and then experiences a disabling event within the same 52-week period.	An employee gives birth and exhausts all 12 weeks of their Paid Leave – no STD benefits would be payable because of the offset. However, three months later that employee gets into a car accident and becomes disabled. Since they have already exhausted their Paid Leave benefits, the STD will pay a full benefit.

The STD plan features a total plan duration (elimination period + benefit period) more than 12 weeks.	If your STD plan has a two-week elimination period and a 24-week benefit period, the employee would receive Paid Leave benefits during the two-week elimination period and the next ten weeks. If, at the end of that period, the employee is still disabled then the Paid Leave would be exhausted, and the employee could collect up to an addition 14 weeks of full STD benefits.

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