# **Short-term disability policy**

This **Short-Term Disability Policy** sample is ready to be tailored to your company’s needs and should be considered a starting point for setting up your employment policies.

## **Policy brief & purpose**

Our **short-term disability policy** refers to the company’s provisions for paid leave to employees who are medically unable to work for a short time. The company believes that its employees should receive some benefits during an unfortunate time when they will not be able to work. That way we can ensure that they will not struggle to live or spend all their savings to do so.

The company will respect any legal guidelines that may be in effect so the present policy is complementary to the law. It is designed to clarify details and procedures related to short-term disability benefits that the company may offer through relevant short-term disability insurance.

## **Scope**

This policy refers to all employees of the company who are eligible to sign up and utilize short-term disability insurance benefits.

## **Policy elements**

### **What is short-term disability?**

Short-term disability is any physical condition, injury or illness that prevents an employee from working for a certain period of time, without being necessarily work-related. This refers to the inability of the employee to carry out their substantial job duties. It doesn’t refer to those who have, for example, sustained minor injuries (e.g. a sprained ankle) and may still be able to fulfill their responsibilities by [working from home.](https://resources.workable.com/work-from-home-company-policy)

This policy covers employees that are temporarily disabled, meaning that they:

* Are being treated for or recover from a health condition (physical or mental)
* Are in need of continuous medical care for a period of time

Recovering from childbirth and pregnancy may qualify as short-term disability under certain legislation. The company may choose to separate this condition and include it in an official [maternity leave policy](https://resources.workable.com/maternity-leave-company-policy).

Disability that results from job-related accidents is not included in this policy since it may be covered from different legal guidelines.

### **What will the company cover for short-term disability?**

The company is obliged to offer at least the minimum amount of leave mandated by short-term disability laws. This will usually be up to three months or more before employees qualify for long-term disability leave.

Compensation mandated by law during the disability period may be non-existent or often inadequate to support living and medical expenses. For this reason, the company may decide to purchase a group short-term disability insurance package for its employees. In this case, we must explain the following elements:

***Initial Enrollment period.*** It's possible the short-term disability insurance will cover all employees automatically. When that is not the case, there will be an initial enrollment (or open enrollment) period. During this period, all eligible employees may sign up to receive coverage under the insurance policy. The dates may be announced within the company through various sources or be communicated to new employees when they arrive.

***Eligibility.*** Not all employees will be eligible to receive coverage of the insurance policy. The eligibility of an employee may be assessed by two aspects:

* *Minimum Service period****.*** The company requires an employee to be employed for a specified amount of time before they can enroll for coverage. This period will be communicated to an employee upon hiring
* *Working hours and days per week.* Employees must work for the company at least a specified number of hours or days per week to qualify for coverage. The specific amount will be communicated to the employee upon hiring

***Elimination Period***. This terms refers to the waiting period between the start of a short term disability and the point that an employee is eligible for short term disability benefits. This period may be decided to extend until the point which all accrued paid sick or annual leave has been consumed. Usually it will be a week before short term disability benefits come in effect, but the period may extend up to 30 days. In cases of accidents, this period may be zero.

***Exclusionary Period****.* This period applies only to employees that had a pre-existing medical condition before signing up for short term disability benefit. During this period, employees will not receive any benefits for short term disability.

***Duration of Short-term disability leave*.** The benefits period, as it is often called, depends on legislation and the company’s judgement. Every employee will be entitled to the legal minimum. The company, however, may decide to provide an employee with more leave if their condition makes it necessary and they meet eligibility criteria.

***Short-term disability pay*.** The employee will receive at least the legal minimum of disability pay, if such exists. This amount is determined by the terms of the insurance the company has purchased. The pay may typically amount to a percentage of the pre-disability salary of the employee, usually around 60%.

***Pay Cap*.** The pay that an employee is entitled to cannot exceed a certain amount determined by the insurance policy.

***Policy exclusions.*** Depending on the policy, not all employees may qualify for short-term disability benefit. Usually, a policy will not give benefits for disabilities resulting from drug/alcohol abuse, suicide attempts or work-related accidents or illnesses (which are covered by other guidelines).

The employee may be informed of the details or ask questions at any time by contacting the Human Resources Department, an assigned official or a benefits administration office, if applicable.

## **Procedure**

When an employee wants to have short-term disability coverage they must contact the Human Resources Department to sign up before they need it (usually during the initial enrollment period and/or after the minimum service period). Those who have not signed up for coverage, meaning premium payments on their behalf will not have been made, are not eligible for short-term disability pay.

In cases, an employee becomes temporarily disabled, the following procedure must be followed:

* The employee must notify the appropriate office (usually HR) for their disability to apply for short-term disability coverage
* The employee must provide medical documentation that will describe the disability and provide an estimation of the expected duration of the disability. Consultation from a physician may also be needed
* The employee will be given legal forms to complete (e.g. Family and Medical Leave application form, SSP1 etc.)
* The employee will be notified if they are eligible for short-term disability benefits
* The employee will use their sick leave and 50% of their paid time off before they can receive short-term disability benefits
* After this period and after the whole of the elimination period has elapsed, the employee may start collecting short-term disability checks
* The employee may be required to report on their condition periodically
* The disability leave may be extended without additional pay, if the employee’s disability falls is covered under relevant law (e.g. ADA)

When an employee returns to work after a short-term disability leave, their condition must be evaluated. If they are fully recovered no further action is necessary and they may return to their previous jobs with the same responsibilities and conditions. If, however, they suffer from a permanent implication from the short-term disability that hinders their ability to function, the company may have to arrange accommodations to help them. In this case, our [accessibility policy](https://resources.workable.com/accessibility-company-policy) will be in effect.

In cases where there is a relapse or recurrence of a disability, the company and insurance provider will assess the situation and decide on benefits.

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