



## Human Resources Department

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### WAGE INSURANCE INFORMATION (SHORT/LONG-TERM DISABILITY INSURANCE)

- Type of Coverage:** Wage insurance for a covered employee unable to work due to non-work disability that may provide short-term or long-term disability benefits. Also known as Short/Long-Term Disability Insurance or Income Continuation Insurance.
- Enrollment:** New employees have **30 calendar days** from initial date of hire in an eligible position to enroll in wage insurance without evidence of insurability (medical underwriting). Coverage begins the date the enrollment form is received by Human Resources.
- After the initial enrollment period, an employee will be required to provide evidence of good health through the underwriting process to enroll in coverage, subject to approval or denial by the insurer (the Hartford). Coverage may be cancelled at any time.
- Forms for enrollment/cancellation must be returned to the Human Resources Department.
- Benefit:** Covers non-work-related injury and illness. Provides short-term (up to three years) and long-term (beyond three years) benefits, up to and including retirement (as long as the disability exists), but offset by other payments (e.g. Social Security Disability Insurance, Retirement benefits).

Benefits are payable when a covered employee:

- Becomes disabled
- Remains disabled
- Applies and submits proof of loss (provides documentation) to Hartford

Benefits begin:

- For disability caused by injury: On the 1<sup>st</sup> day of disability after all accumulated sick leave has been exhausted
- For disability caused by sickness: On the 8<sup>th</sup> day of disability after all accumulated sick leave has been exhausted
- When a disability includes hospital admission or outpatient surgical procedure that requires a total disability period of 24 hours or more after surgery, benefits start on the first day of hospital confinement or on the date of outpatient surgical procedure after all accumulated sick leave has been exhausted
- For childbirth: For most absences for childbirth, eligibility for a disability insurance benefit will begin at the date of birth and continue only through six weeks after the date of birth; benefits are payable only after all sick leave has been used. If a pregnancy-related disability begins before the date of birth or continues past six weeks after the birth, additional benefits may be payable.

The benefit payment is weekly and is the lesser of 65% of base salary or \$1,875, reduced by other income benefits. The portion of premium payment made by the City and by the employee determines whether the benefit is taxed; percentage of premium paid by the employee = percentage of benefit not taxed. (If the employee pays the full premium, the benefit is not taxable. If the City pays the full premium, the benefit is fully taxable.)

**Premium:**

The employee contribution to premium is deducted from the second paycheck of each month. The cost of the premium is calculated based on a combination of the employee's base pay and the employee's use/accrual of sick leave in the preceding September - August (12-month calculation period).

Sick Leave Used (Days)	Net Sick Leave Accrued (Days)	Employee Pays (% of Premium)
0.00 – 3.00	10.00 - 13.00	0% (Employer pays 100%)
3.01 – 4.00	9.00 - 9.99	20% (Employer pays 80%)
4.01 – 5.00	8.00 - 8.99	40% (Employer pays 60%)
5.01 – 6.00	7.00 - 7.99	60% (Employer pays 40%)
6.01 – 7.00	6.00 - 6.99	80% (Employer pays 20%)
7.01+	0 - 5.99	100% (Employer pays 0%)
If an employee's accumulated sick leave balance is 100 days or greater at the time premium is calculated (120 days for some compensation groups), the full premium will be paid by the City regardless of the amount of sick leave used during the 12-month calculation period.		

**Note:** questions about how an employee's premium share was or will be calculated should be directed to Central Payroll ([payroll@cityofmadison.com](mailto:payroll@cityofmadison.com)). Where this information conflicts with Central Payroll procedures, Central Payroll procedures will prevail.

**Beneficiary:**

If an employee receiving wage insurance payments passes away before receiving a given week's payment, that final payment is payable to the beneficiary designated on the Enrollment Form. To change beneficiaries, you must submit a new Wage Insurance Change Form to Human Resources. The form is available online or from the Human Resources Department.

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If you would like additional information or have any questions, please contact the Human Resources Benefits team at (608) 266-4615 or [benefits@cityofmadison.com](mailto:benefits@cityofmadison.com).