

DISABILITY BENEFITS For the Physicians of University of Wisconsin Medical Foundation

Three Plans of Coverage

BACKGROUND

The following information outlines (in general terms) the three plans of long-term disability coverage for physicians of UWMF. Two plans are provided by UWMF, the third, through the State of Wisconsin by virtue of your “appointment” and “base” income.

#1 UW MEDICAL FOUNDATION – 2/3 COVERAGE

As of your date of hire, your UWMF income is insured by a group disability insurance plan through the Hartford Insurance Company.

Your UWMF group plan provides a benefit equal to 2/3 of your UWMF income, to a maximum monthly benefit of \$20,000. The group plan insures you in your specialty and/or subspecialty as it pertains to your practice. Since the premium for this plan is paid by you, any benefits you receive under this plan would be income tax-free, under current IRS and Wisconsin regulations.

#2 STATE OF WISCONSIN - INCOME CONTINUATION INSURANCE PLAN (ICI)

The below information is our interpretation of the State of Wisconsin Income Continuation Insurance (ICI) plan. This summary is prepared based on the benefit plan that we obtained from the State's website at <https://hr.wisc.edu/benefits/>

As of the first of the month coinciding with, or next following your State appointment, you will become eligible (if you have enrolled) under the State of Wisconsin Income Continuation Insurance (ICI) plan which is the disability insurance program for your UW “base” income.

The state disability income program provides a *standard* benefit of 75% on monthly base income, to a maximum of a \$4,000 monthly benefit. If your annual base income exceeds \$64,000, you may choose to enroll for an additional *supplementary* monthly benefit of up to \$3,500, not to exceed 75% of your base income.

The state will pay the premium for the *standard* benefit, with a 180 day elimination period, following 12 months of employment. If you elect a shorter elimination period for the *standard* benefit, or the optional *supplementary* benefit, you must pay those premium costs. The taxability of benefits is determined based on the proportion of employer-paid versus employee-paid premiums.

During the first 12 months of a disability, your ability to perform the duties of your occupation will be used to determine if a disability exists. Thereafter, benefits will cease if you are determined to be able to work in “substantially gainful activity” for which you are “reasonably qualified”. Benefits will terminate if earnings from this work could be expected to equal the ICI disability benefit.

It is generally understood that the quality of coverage under the State ICI plan does not meet the same standard as the UWMF plan listed in #1 above, thus leading to the reason for offering #3 below.

You should contact the State directly if you have questions concerning this plan or refer to their website at <https://etf.wi.gov/publications/et2106/direct>

#3 UW MEDICAL FOUNDATION - SUPPLEMENTAL “WRAP” PROGRAM (SWP)

The SWP serves two purposes. First it allows for enhancements to the State ICI plan. Secondly, it permits those individuals who need and desire more disability coverage to purchase it, with discounts and certain levels of guaranteed issue, i.e. no medical questions. Eligibility for this coverage requires full-time status (75%) and age 75 or younger. This coverage is enrolled twice per year, in April and October, and you will receive additional information and instructions at that time.

Both the “base” and “supplemental” wraps are paid by you. Any benefits you receive under these plans would be income-tax free, under current IRS and Wisconsin regulations. The SWP is an individual policy and therefore the rates are guaranteed and the policy is portable.

The “**base wrap**” provides a \$1,000 monthly benefit in the event of disability. This policy uses your occupation to define disability. Coverage is mandatory for all UWMF physicians and your premium will be determined based on your age.

The “**supplemental wrap**” provides additional monthly benefit on a voluntary basis. The amount of the additional benefit available is up to \$5,000, and the monthly premium, again, will be determined based on your age. This coverage also uses your occupation to define disability. This may help to alleviate shortfalls in the State ICI plan.

Coverage under these policies discontinues at the end of your plan year, after turning age 75, but may be converted to extended coverage with the carrier.

THE PROCESS: The enrollment for the SWP (#3) coverage is completed with an on-line application process during a semi-annual enrollment window, typically in April and October. More information will be provided at a later date as to your specific coverage offer and instructions for completing the enrollment process.

For more information on #1 or #3 above, call Gallagher Benefit Services at (608-274-8989).

The above information is provided as a summary of the benefits of your plans with the carriers listed above. These statements provided cannot be assumed to be a contract of insurance. This summary is prepared based on the benefit plans in effect as of October 1, 2019. Subsequent plan amendments, if any, are not included. Please refer to your booklet and certificate for full details.