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Frequently Asked Questions

2021

Insured Hawaii Temporary Disability Insurance (TDI)

Group Insurance

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Overview

What is Statutory Disability?

Hawaii is among the jurisdictions that mandate benefits for workers. While each state's program is unique, the common goal of these plans is to provide short-term income replacement for non-occupational disabilities experienced by eligible workers. Hawaii's program is governed by the Temporary Disability Insurance Law (TDI). Employers subject to TDI Law are required to provide a minimum level of coverage in compliance with statutory guidelines.

What plan options are available to employers to comply with Hawaii TDI requirements?

Unlike the other jurisdictions, Hawaii **does not** have a state plan. Employers have only two options:

- Insure TDI coverage through an insurance carrier, such as Prudential
- Self-insure TDI by filing their plan with the Disability Compensation Division and posting a security.

How does an employer register with Hawaii?

An organization having one or more workers must file a Form BB-1, "Basic Business Application" with the State Tax Office within 20 days of hiring a Hawaii employee. Additional information and online registration is available on the state's website: http://tax.hawaii.gov/. Questions can also be referred to the Department of Taxation Compliance Division's toll free phone number: 1-808-587-1644.

What is a Hawaii Department of Labor Account Number (DOL)?

- By registering with the state of Hawaii, Employers will be issued an Account Number that is needed to report and pay taxes on wages paid to covered employees.
- The DOL number is a 10-digit number starting with "000." For example, 0001234567. Before Prudential can file a private TDI plan for approval, the client must provide the DOL numbers for all businesses operating in Hawaii for which they want us to provide coverage.
- An employer's Hawaii DOL number is not the same as their Federal Employer Identification Number (FEIN).

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Who is eligible?

An employee is eligible for Hawaii TDI if they have been employed at least 14 consecutive weeks during each of which he/she was paid 20 hours or more and earned not less than $400 in the four completed calendar quarters before the disability.

New hires may be eligible on their first day worked because “covered” employment includes service provided to a former “covered” employer. For example, if John worked for HI Company A for five years, left on March 31 and started working for HI Company B on April 1, he would be eligible for TDI coverage from HI Company B on his first day, April 1, because he already has more than 14 weeks of eligible Hawaii employment.

Excluded from coverage are federal government employees, certain domestic workers, insurance agents and real estate sales people paid solely on commission, individuals under 18 years old in the delivery/distribution of newspapers, certain family employees, student nurses, interns, and workers in other categories specifically exempted by the law.

Ultimately, the onus to comply with Hawaii’s employer laws falls on the employer and non-compliance could result in a penalty. If an employer is unsure if they are obligated to provide TDI benefits to employees, they should contact the Hawaii Department of Labor and Industrial Relations, Disability Compensation Division.

Are employees who telecommute from homes in Hawaii or salespeople with Hawaiian territories eligible for TDI?

Unfortunately, there is no definitive yes or no answer. The state needs to walk the employer through a set of “tests” regarding their business and the employee’s job responsibilities. The employer needs to discuss their unique situation with the state which will ultimately help the client understand why their employees are eligible or not—knowledge that can be applied to future eligibility questions.

If an employer has a more generous STD plan in place, do they still need TDI?

Employers must provide TDI coverage that is filed and approved by the state of Hawaii in order to comply with the law. If the TDI coverage is being insured by Prudential, a statutory plan will be filed that is separate and distinct from the employer’s STD or salary continuation plan.

What services will Prudential provide as the private plan insurer?

- Private Plan Filing: Prudential will file the employer's private plan with the state of Hawaii for approval. A Certification of Issuance (TDI-62) will be submitted for each of the employer's associated companies with separate Hawaii DOL numbers. Prudential will also file any subsequent additions or cancellations of associated employers.

- Certificate: Prudential will prepare certificates for each TDI plan filed with Hawaii. The employer is responsible for issuing these certificates to each covered HI employee. Once the private plan filing is approved by the state, Prudential will issue two versions of the HI Certificate—one with an effective date to be distributed to current employees and one without an effective date to be provided to all future employees.

- Claim Management and Payment: Prudential's representative in Hawaii, John Mullen & Company, will perform all claim management and payment tasks for TDI claims in compliance with Hawaii statutory requirements.

- Appeal Handling: Claimants have the right to appeal an insured TDI claim decision to Prudential, the state, or both. When an appeal is filed with the state, John Mullen & Company will appear at any hearings required by the Hawaii independent appeals referee as Prudential's representative.

- Annual Reports: By March 1 of each year, Prudential will submit an "Annual Report for Temporary Disability Insurance" (TDI-21) for each TDI plan we have filed with the state. We will contact the employer annually in January to request the employer payroll information needed to complete this report.

- Plan Summaries: Upon request, Prudential will provide a one page summary of HI TDI plan provisions that the employer can distribute to eligible employees.

What responsibilities does TDI law impose on employers?

- Notice Requirement:

  TDI law requires that employers post details regarding the TDI plan in a conspicuous location accessible to all employees in a workplace. For insured private plans, Prudential will prepare the poster: "Notice Workers" (Form TDI-60) and send it to the employer at the same time that the TDI contract is issued. Separate posters will be issued for each associated employer (HI DOL number) for which Prudential is providing coverage.

- Annual Reporting:

  In January of each year, Prudential will contact the employer for wage and contribution data needed to complete the "Annual Report for Temporary Disability Insurance" (TDI-21). To ensure that the March deadline is met, employers are asked to respond no later than January 31.

- Advise Prudential of New or Inactive FEINs with Hawaii Employees:

  If an employer acquires a new associated company with Hawaii employees, Prudential must file the new entity's DOL number with the state in addition to the company's existing DOL number. Likewise, if Hawaii wages are no longer being reported under a DOL number (ex. out of business, merger/acquisition, employee transfers, etc.), Prudential must file to terminate coverage for that employer. Clients are expected to notify Prudential of any new or terminating entities subject to TDI coverage.

Where can an employer find more information?

Additional information regarding Hawaii's Temporary Disability Insurance is available on the state's website: http://hawaii.gov/labor/dcd/abouttdi.shtml.

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Plan Design

What is the statutory TDI benefit plan design?

Benefit Percentage	58% of employee's weekly wage (rounded to the next higher multiple of $1.00)
Maximum Weekly Benefit	$640 (effective 1/1/2021)
Minimum Weekly Benefit	If average weekly wage is less than $26.00, the statutory TDI benefit is the average weekly wage but not more than $14.00.
Elimination Period	7 days for accident and sickness
Maximum Duration	26 weeks
Standard Maternity Guideline	Treated as any other sickness or injury. Hawaii does not publish standard duration guidelines for maternity
Exclusions	• Occupational injuries • Self-inflicted injuries • Perpetration of a criminal act No benefits are payable while the employee is receiving Unemployment Benefits, Workers' Compensation, or any indemnity payments for wage loss under any applicable employers' liability law.
Recurrent Disability	• Periods of disability separated by 2 weeks or less of active work will be treated as the same disability. • Periods of disability separated by more than 2 weeks of active work will be treated as separate claims. • After return to work, a new period of disability caused by a different medical condition will be treated as a new claim.
Post-termination coverage	14 days Benefits are payable by the employee's last employer for disabilities which commence within 14 days of their last day worked unless the employee becomes subsequently employed/covered.

Can an employer provide better benefits than required by TDI law?

Yes, an employer has two options to improve upon benefit levels required by Hawaii.

Statutory Enriched:
A statutory enriched plan improves upon or enriches at least one benefit provision of the statutory plan in a manner approved by the state. Provisions an employer may choose to enrich include the elimination period (ex. change seven days to first day accident), maximum benefit duration (ex. increase 26 weeks to 30), maximum weekly benefit, or benefit percentage. Examples of provisions which cannot be changed with an enriched plan are the definition of disability and benefits for partial disability.

Supplemental STD Plan:
A supplemental STD plan adds to or supplements the underlying statutory plan. The TDI benefits are paid first and are then subtracted or "offset" from any additional STD benefit payable. A supplemental STD plan allows an employer to offer plan provisions otherwise unavailable on statutory or enriched plans, such as partial disability. However, these plan provisions only apply to the non-statutory portion of the benefit. Additionally, a supplemental STD plan allows an employer to limit STD plan features to specific classes of employees. For example, a supplemental STD plan can be limited to salaried employees only versus a TDI plan, which must cover all eligible Hawaii employees.

How much can an employee be asked to contribute to the plan?

Employers can offer TDI on a non-contributory or contributory basis. If the plan is contributory, the TDI law indicates that employees can only be asked to contribute up to half of the premium cost but no more than 0.5% of the average weekly wage, not to exceed a weekly maximum of $5.51 (2021).

NOTE: Contributions are calculated as a percentage of taxable wage, not premium.

What is the definition of disability under TDI? Is it different from Prudential's STD plan?

Disability under TDI is defined as being unable to work due to a non-work related sickness or injury. Effective July 1, 2014, the definition of disability was revised to also include disabilities resulting from organ donation. To receive benefits, the employee must be under the care of a licensed physician, surgeon, dentist, chiropractor, osteopath, naturopath, or an accredited practitioner of a faith-healing group.

The TDI definition of disability is different than the Prudential standard insured STD definition of disability. Most insured STD plans will pay benefits for partial disability as long as the employee has a 20% earnings loss; TDI requires total disability.

Claims

How does the claims process differ for TDI?

Hawaii state law requires that all TDI claims be processed in the state of Hawaii. To comply with this requirement, Prudential utilizes the services of a third-party administrator, John Mullen & Company, to pay TDI claims on Prudential's behalf from their Honolulu office.

- Claim Forms and Submission Process:
  TDI claims must be submitted using a paper TDI claim form (TDI-45) rather than Prudential's standard claim form—telephonic and web claim intake is not available for TDI claims. HI TDI claim forms are available from John Mullen & Company upon request. If a Hawaii employee calls Prudential directly to report a claim, a paper TDI claim form will be mailed to him/her. To avoid claim processing delays, claimants should submit the forms directly to John Mullen & Company at the following address:

  The Prudential Insurance Company of America
  c/o John Mullen & Company, Inc.
  P.O. Box 2096
  Honolulu, Hawaii 96805

- Claim Submission Timeframes:
  Claims must be submitted within 90 days after the first day of disability.

- Claim Denials:
  Before a claimant is notified of a claim denial, John Mullen & Company is required to send a copy of the Denial of Claim for TDI Benefits (Form TDI-46) and the claim file to the state of Hawaii for review. The state has 10 days from receipt of the documentation to request a reconsideration of the denial. After 10 days, if no such reconsideration has been requested or if Prudential disagrees with the state's decision, John Mullen & Company will send the claimant three copies of Form TDI-46, which advises them of the reason for the denial and instructions for appeal.

- Appeals:
  In addition to Prudential's standard two-step appeals process, claimants whose HI TDI benefits have been terminated or denied have the right to appeal to the Hawaii Disability Compensation Division. Appeals to Hawaii must be filed within 20 days from receipt of the TDI-46. Once a claimant appeals a decision, the independent appeals referee may call a hearing to review the claim, in which case John Mullen & Company will appear as Prudential's representative.

Are TDI benefits taxed?

Yes, TDI benefits are taxed similarly to how STD and LTD benefits are taxed. If the plan is non-contributory, disability contributions are reported as taxable wages and therefore benefits are fully taxed. If the plan is contributory (paid all or in part by the employee with after-tax dollars), the amount of benefits attributable to the employer's contribution is taxable to the employee as income. NOTE: It is the client's responsibility to calculate and provide the contribution rates to Prudential in accordance with IRS Regulation 1.105-1.

Can an employer have TDI payments redirected to them as reimbursement for salary continuation benefits already paid to an employee?

No, Hawaii requires that benefit checks be issued to the employee. Prudential cannot make benefits payable to the employer.

Can Prudential withhold deductions from an employee's TDI benefit?

No, Hawaii does not permit deductions to be withdrawn from TDI benefit payments.

How will a TDI claim be handled for an employee on a temporary leave of absence?

Once an employee is no longer in current employment, his/her TDI coverage is extended for a period of 14 days unless the employee subsequently becomes employed by another Hawaii employer. Coverage ends on the fourteenth day. Current employment includes any period for which an employee receives vacation or sick leave pay.

How will a TDI claim be handled for an employee receiving unemployment?

If an employee is receiving unemployment, he/she is ineligible to receive TDI benefits.

NOTE: When an employee is terminated, the former employer is required to provide 14 calendar days of TDI coverage unless he/she subsequently becomes employed by another employer providing TDI coverage.

Is a separate, TDI-specific claim form required?

Yes, claimants must use a paper claim for TDI Benefits form (TDI-45) rather than Prudential's standard form to submit a TDI claim. The completed TDI-45 must be mailed to Prudential's authorized representative in Hawaii, John Mullen & Company, Inc. at the address listed on the form.

Please note that if an employee is covered for both HI TDI and Prudential STD benefits, they will need to complete two separate claim submissions—the TDI-45 mailed to John Mullen & Company, Inc. and Prudential claim intake via paper form, web, or telephonic for STD.

If a Hawaii employee's TDI benefits are denied or terminated, can he/she appeal to the state?

Yes, claimants have three appeal options: submit an appeal to the state, Prudential, or both the state and Prudential. Employees always have a right to appeal a TDI claim decision to the Hawaii Department of Labor and Industrial Relations regardless of whether or not they also file an appeal with Prudential. Information about the state's appeal process and how to contact the state will be included on the Denial of Claim for TDI Benefits (TDI-46) mailed to the claimant.

Group Disability Insurance coverages are issued by The Prudential Insurance Company of America, a Prudential Financial Company, Newark, NJ. The Booklet-Certificate contains all details, including any policy exclusions, limitations and restrictions, which may apply. (Contract Series: 83500, 39127-A)