Fact Sheet: Temporary Disability Insurance (TDI) Programs

Q: *What is a Temporary Disability Insurance program?*

A: Temporary Disability Insurance (TDI) programs provide workers with partial compensation for loss of wages caused by short-term, non-occupational disability. Only five states have TDI programs: California, Hawaii, New Jersey, New York and Rhode Island. Puerto Rico also has a program. All six jurisdictions restrict payment of TDI benefits to individuals who are temporarily unable and unavailable for work due to non-work related illness or disability and who are not eligible to receive any workers' compensation. These individuals are not eligible to receive any unemployment insurance benefits because they are not able and available for work.

TDI Coverage, Eligibility and Program Structure

Q: *Who is covered by Temporary Disability Insurance laws?*

A: Temporary disability insurance laws cover most commercial and industrial wage and salary workers in private employment. In most jurisdictions, the program covers the same employees who are covered under unemployment insurance laws. Some jurisdictions extend coverage to the self-employed or other groups and have voluntary coverage. Generally, Federal government employees are excluded.

Hawaii and New York require employers to provide sickness protection of a specified value for their employees by establishing a privately insured or self-insured plan. In New Jersey and California, employers may "opt out" of a public plan by providing an alternative approved private plan (usually this is one insured by a commercial company or financed on a self-insured basis).

Q: *Who is eligible for Temporary Disability Insurance benefits?*

A: To qualify for benefits, claimants must have a specified amount of past employment or earnings and must be disabled.

Q: *How do states verify the temporary disabilities?*

A: All TDI laws require claimants to be under the care of a physician or other medical professional. Initial TDI claims must be supported by the medical professional's certification, and should include: (1) diagnosis; (2) the date of treatment; (3) an opinion as to whether the illness or injury prevents the claimant from carrying on his/her customary work; and, (4) an estimate of the date when the claimant will be able to work again.

Q: *How much are TDI weekly benefit amounts and how are they computed?*

A: TDI programs vary in coverage and structure, however the weekly benefit amounts are generally related to the claimant's previous earnings in covered employment. In general, the weekly benefit amounts are intended to replace at least one-half of the weekly wage loss for a limited time. TDI laws specify minimum and maximum amounts payable for a week. Maximum duration of benefits vary by the jurisdiction, but generally are between 26 and 52 weeks.

Funding and Administrative Functions

Q: *How are TDIs operated administratively?*

A: TDI programs in California, Hawaii, New Jersey, Rhode Island and Puerto Rico are administered by a separate division of the jurisdiction's labor agency. The New York law is administered by the State Workers' Compensation Board.

Q: *How do states fund TDI program benefits?*

A: Under each of the laws, employees may be required to contribute to the cost of the TDI. In New Jersey, Hawaii, New York and Puerto Rico, employers are also required to contribute. In Rhode Island, employees' payroll deductions fund 100% of the TDI benefits. The Hawaii program allows employers to purchase a plan from an authorized carrier, or by self-insuring through an approved sick leave program. In Hawaii, the state does not pay the benefits.

Under programs in California and New Jersey, workers covered by approved private plans are relieved of contributing to the government-operated fund; but, when they are asked to contribute to the private plan, they may not pay more than they otherwise would be required to pay for the State fund. When benefit costs exceed this amount, employers must pay the balance. In New York, higher contributions than specified in law may be required of employees if the level of benefits provided bears a reasonable relationship to costs.

Q: *How do states fund TDI administrative costs?*

A: The administrative costs of the government-operated plans are funded through employers' and employees' payroll taxes or by states' general funds appropriations. In Rhode Island, all benefit and administrative costs are funded by employees' payroll taxes. Both employees' and employers' costs may be used. California, New Jersey, and New York levy assessments on private plans to cover the added administrative costs. In Hawaii, the administrative costs are paid from general revenues. In New Jersey, administrative costs are a budgeted item from the funds collected. Federal law conformity provisions contained in Title III, Section 303 of the Social Security Act provide that unemployment insurance administration funds can only be used to administer the unemployment insurance program.