

MEMORANDUM OF LAW

DATE: May 29, 1987

TO: Dan Teague, Long-Term Disability
Administrator
FROM: City Attorney
SUBJECT: Long-Term Disability Offset for Cancer and
Catastrophic Illness Insurance Payment

In a memorandum dated May 19, 1987, you asked this office if payments made to an employee under the Long-Term Disability Plan (LTD) must be reduced by the amount of the benefits an employee receives under the new Cancer and Catastrophic Illness Insurance Policy which The City of San Diego is offering to employees effective July 1, 1987.

Disability benefits provided by the City's LTD program are calculated at the rate of 70% of a participant's basic monthly earning less all other income benefits as defined in section 5.04 of the Plan Document. Paragraph 5.04(a) includes in the definition of "other income benefits" as used in section 5.01 as:

Any group policy of accident and health insurance providing benefits for loss of time from employment because of disability which has been provided by the City or other employer or with respect to which the City or other employer shall have made payroll deductions. Emphasis added.

The new Cancer and Catastrophic Illness Insurance Program will provide certain monetary payments to enrolled City employees in addition to other benefits they receive if the employee is diagnosed as having cancer or other forms of catastrophic illness. The amount of the benefit is based upon the nature of the illness and the type of medical care or service received. No benefits are provided for loss of time from employment because of disability. An employee may, in fact, receive benefits under the Cancer and Catastrophic Illness Insurance Policy while fully employed. These payments do not fall within the definition of

"other income benefits" as set forth in paragraphs 5.01 and 5.04 of The City of San Diego's Long-Term Disability Plan and may not be subtracted from an employee's long-term disability benefits.

JOHN W. WITT, City Attorney

By

John M. Kaheny
Deputy City Attorney

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