

SAM—PAYROLLS

WORKERS' COMPENSATION INSURANCE

DISABILITY PAYMENTS

8536

(Revised and Renumbered from 8538.5 10/88)

The purpose of this Section is to provide some background on job-related disability payments and to prescribe accounting procedures relating to Temporary Disability (TD) checks issued by the State Compensation Insurance Fund (SCIF). For instructions concerning the payroll process relating to Temporary Disability Compensation and Industrial Leave, see Sections E300 and E400 of the Payroll Procedures Manual.

Employees must initiate disability claims with their departmental personnel unit. There are several options available to most employees including TD without using sick leave or vacation credits; TD using sick leave and/or vacation credits; and Industrial Disability Leave (IDL). An employee who has sufficient leave credits for the temporary disability period will remain on active pay status and continue to receive regular full salary payments. If the employee's disability absence is covered by using sick leave, the temporary disability checks issued to the individual are to be captured and deposited as General Cash. The details associated with the options will be provided by personnel unit staff.

It should be noted that some departments, boards, commissions, etc. are insured through SCIF while others are not (self-insured). Generally, larger organizations will be self-insured because, statistically, it should be financially advantageous to them. Frequently, smaller units will purchase insurance because disability costs could have a catastrophic impact upon their relatively small annual budgets.

SCIF processes disability claims for all State organizations, self-insured as well as insured.

Additionally, SCIF issues all TD checks. If a claimant elects to receive TD and the employing organization is self-insured SCIF will bill the employing organization for the compensation payment and associated administrative costs. If the organization is insured, it is entitled to the service and support without charge.

If a claimant elects to receive IDL, SCIF will prepare a regular claim schedule and forward it to the SCO. The SCO will issue a warrant to the claimant and charge the employing organization's current appropriation. IDL is always paid in this manner. The procedures are applicable to insured and self-insured organizations. Self-insured organizations will be billed for processing and administrative costs incurred by SCIF. An insured organization will receive a TD check even if the claimant selects IDL. This is included in the agreement between SCIF and the subscribing organizations. The TD check belongs to the agency and should be processed in accordance with the following instructions.

Government Code Section 19863 prohibits payment in excess of an employee's full salary. If at any time the amount of the temporary disability payment plus the amount of salary paid to the employee exceeds the employee's regular full salary, the excess amount must be recovered by the employing organization from the employee.

The SCIF will send TD checks to the employing organization unless the claimant has separated from State service. This procedure places the agency in control in the event that it becomes necessary to recover an overpayment. Agencies may endorse checks for deposit in lieu of having them endorsed by the employee. The endorsement form is illustrated below:

Print Name of Payee

Absence of personal endorsement guaranteed by (Name of Organization)

Signed by Accounting Officer

(Continued)

SAM—PAYROLLS

(Continued)

DISABILITY PAYMENTS

8536

(Revised and Renumbered from 8538.5 10/88)

Agencies using this endorsement must ensure that employees receive the compensation due to them. Should the injured employee suffer any loss due to the endorsement and deposit of the TD checks by an agency, this loss will be recovered from the agency. If a TD check is mistakenly endorsed and deposited the organization may refund the amount due to the employee by issuing a General Cash check, (sometimes referred to as a Cash State check). If, for any reason, the agency cannot make a timely refund, SCIF, on request, may issue a duplicate check to the employee. If a duplicate check is issued, SCIF will charge the organization accordingly during the next billing cycle.

The TD checks that are endorsed by an organization will be deposited in its bank (CTS) account and subsequently processed as an abatement to the applicable appropriation(s), Personnel Services category.

If the injured elects Temporary Disability Compensation rather than Industrial Disability Leave, the checks will be mailed directly to the employee. Insured State Agencies should monitor these cases to make sure that employees are not paid more than their regular full salaries.