



# Summary of State Mandated Disability Coverage

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## Introduction

There are five states and Puerto Rico that mandate employer provided disability coverage for employees, also referred to as statutory disability. The five states are:

- California
- Hawaii
- New Jersey
- New York
- Rhode Island

While the structure of these statutory disability programs is similar, each state and Puerto Rico have their own unique requirements. Disability coverage is for non-work-related injuries and illness; work related injuries and illnesses are covered by workers' compensation requirements. State and Territory mandated disability coverage are not subject to ERISA.

Most standard fully-insured short-term disability policies an employer may purchase for its workforce generally will **not** satisfy the requirements of these statutory disability programs. Employers with such plans will typically have to purchase a separate policy or pay into the state programs for employees in the above states and Puerto Rico.

Likewise, an employer generally cannot rely on a self-funded short-term disability program to satisfy its obligations under these statutory disability programs. Most states do offer the opportunity for employers to seek permission from the relevant state agency to self-fund their statutory disability obligations but the process is often time consuming and not cost effective.

This guide focuses specifically on mandated disability coverage. However, there are several other states that have mandatory paid family leave laws which include paid leave for an employee's own serious health condition, which function much like a statutory disability program but also cover other types of leave as well. Those states are: Colorado, Connecticut, Delaware, Massachusetts, Maryland, Oregon, Washington, Washington D.C. and most recently Minnesota (effective 2026). The requirements of those paid family leave laws is beyond the scope of this guide.

Some states, as well as some local governments, may also have mandatory paid sick leave laws, either instead of or in addition to statutory disability requirements. Those mandatory paid sick leave laws are also beyond the scope of this guide.

Rates listed in this guide are current as of 2023. Where available future rates are listed as well.

## California

State Disability Insurance (SDI)

### Covered Employers:

Employers with employees working in California.

### Coverage:

Employers may participate in the State plan or may apply for approval to provide a voluntary plan.

### Eligible Employees:

To be eligible, individuals must be employed or actively looking for work at the time the disability begins and have earned at least \$300 from which SDI deductions were withheld during the base period.

### Contributions:

Employers do not pay for the California Disability Insurance (DI) benefits. Benefits are funded by employees through the State Disability Insurance (SDI) deduction from employees' paychecks.

The SDI withholding rate for 2023 is 0.9. The taxable wage limit for 2023 is \$153,164 for each employee per calendar year with a maximum withholding for each employee is \$1,378.48.

**Note:** Starting in 2024 the taxable wage limit for SDI contributions is being eliminated and all wages will be subject to the 2024 SDI contribution rate.

### Benefits:

Paid benefits are 60 to 70% of income (depending on the individual's income) of wages earned 5 to 18 months before the claim start date with a maximum weekly benefit of \$1,620 for 2023. Benefits are paid for a maximum of 52 weeks.

The waiting period is seven-days. If a claim is filed for the same or related cause or condition within 60 days of the initial claim, it will be treated as a continuation of the initial claim for which a waiting period was already served. There will not be a new waiting period in such cases.

### For more information:

[Employment Development Department - State Disability Insurance](#)

## Hawaii

Temporary Disability Insurance (TDI)

### Covered Employers:

Employers with employees working in Hawaii.

### Coverage:

An employer may adopt one or more of the following methods of providing disability benefits:

- Purchase an “insured” plan, from an authorized insurance carrier.
- Adopt a “self-insured” plan, which must be approved by the Disability Compensation Division (DCD) of the Hawaii Department of Labor and Industrial Relations, or
- A collective bargaining agreement that contains sick leave benefits at least as favorable as required by the TDI Law.

All self-insured plans must be submitted to DCD for review and approval before they can be put into effect. The employer’s plan determines how much benefit the employee will receive each week, how long the employee will be paid and whether the employee must serve a waiting period.

### Eligible Employees:

To be eligible for benefits, an employee must have at least 14 weeks of Hawaii employment during each of which the employee was paid for 20 hours or more and earned not less than \$400 in the 52 weeks preceding the first day of disability. The 14 weeks need not be consecutive nor with only one employer. The employee must also be in current employment to be eligible.

If the employer has a plan that provides benefits according to the minimum benefit standards as required by law, the employee is entitled to disability benefits, from the eighth day of disability for a maximum of 26 weeks, at 58% of the employee’s average weekly wages up to the maximum weekly benefit amount.

### Contributions:

The employer may pay the entire premium cost or share the cost with the employee but not more than .5% of the employee’s weekly wage, with the maximum weekly contribution not to exceed \$6.59 for 2023.

### Benefits:

58% percent of the employee’s average weekly wages rounded to the next higher dollar, but not more than the maximum weekly benefit amount annually set by the DCD (\$765 for 2023).

The waiting period is seven-days.

### For more information:

[Disability Compensation Division \(hawaii.gov\)](http://hawaii.gov)

## New Jersey

### Temporary Disability Insurance (TDI)

#### Covered Employers:

Employers with employees working in New Jersey; coverage is optional for local government employers (e.g. counties, municipalities, school districts, etc.)

#### Coverage:

Employers must either participate in the State public insurance program and deduct payroll taxes for employees working in NJ, or employers may choose to provide employees coverage through a private insurance, self-insured, or union welfare fund plan that has been approved by the Division of Temporary Disability Insurance.

#### Eligible Employees:

Employees that have paid into the program through their employment and meet minimum gross earnings requirements. To qualify for Temporary Disability Insurance in 2023, the individual must have worked 20 weeks earning at least \$260 weekly or have earned a combined total of \$13,000 in the base year. The regular base year period consists of 52 weeks.

#### Contributions:

New Jersey employees and employers contribute to the cost of the Temporary Disability program. The contribution rate for employers varies from 0.10% to 0.75%.

- For 2023, employers contribute between \$39.80 and \$298.50 on the first \$39,800 earned by each employee during this calendar year. While employees would also normally contribute to the program, for 2023 there were no employee contributions required.

#### Benefits:

Benefits are calculated using the average weekly wage and then the weekly benefit rate. This is done by dividing the employee's base year earnings by the number of base weeks. In 2023, a "base week" is any week the employee earns \$260 or more.

Claimants are paid 85% of their average weekly wage up to the maximum weekly benefit rate set for that calendar year. In 2023, the maximum weekly benefit rate is \$1,025 per week.

The waiting period is seven-days.

#### For more information:

[Division of Temporary Disability and Family Leave Insurance \(nj.gov\)](https://www.nj.gov/divisions/dtdiv/)

## **New York**

Disability Benefits Law (DBL)

### **Covered Employers:**

An employer with one or more employees working in New York on each of at least 30 days in any calendar year ("covered employer") is subject to the disability benefits law after the expiration of four weeks following the 30th day of such employment. These 30 days of employment need not be consecutive days but must be within one calendar year

### **Coverage:**

Insurance policies can be obtained through several methods including a private insurance carrier, the NY State Insurance Fund, or by applying for approval to self-insure from the Worker's Compensation Board.

### **Eligible Employees:**

An individual who is working or has recently worked (and is collecting unemployment) at least four consecutive weeks at a job for a covered employer (part-time employees are eligible on their twenty-fifth day of employment).

### **Contributions:**

The employer is allowed, but not required, to take a contribution from the employee to offset the cost of providing disability benefits. The employee contribution is calculated at the rate of one half of one percent of the employee's wages, but no more than sixty cents a week for 2023.

### **Benefits:**

Disability benefits are equal to 50% of the employee's average weekly wage for the last eight weeks worked, with a maximum benefit of \$170 per week for 2023.

Benefits are paid for a maximum of 26 weeks of disability during any fifty-two consecutive week period.

The waiting period is seven-days.

### **For more information:**

[WCB Disability Benefits Information for Employers](#)



## **Puerto Rico**

Temporary Non-Occupational Disability Insurance Program (SINOT)

### **Covered Employers:**

Employers with one or more employees in Puerto Rico.

### **Coverage**

Employers may satisfy their obligation to make this coverage available to their employees in one of three ways:

- They may have their employees participate in the Public SINOT plan.
- They may have an Insurance Company provide a "Private" insured plan to their employees.
- They may establish a "Private" self-insured plan to provide coverage to their employees

The latter two options must utilize an insurer or administrator with a claims and administration presence within Puerto Rico.

### **Eligible Employees:**

To be eligible an employee must have received wages of at least \$150.00 in covered employment during the first four of the last five calendar quarters which immediately precede the first day of disability.

### **Contributions:**

Employers and employees may share the cost. The cost is 0.6% of the first \$9,000 of wages however, not more than .3% of the first \$9,000 may be from the employee's annual wages for 2023.

### **Benefits:**

The maximum benefit is \$113.00 per week, for 2023. Benefits are paid by schedule and are based on total wages received in the base year. Partial weeks are based on a 7-day week and are computed to the complete high dollar.

Elimination Period. Benefits begin on the eighth day of disability or first day of hospital confinement if sooner.

Benefit Period. 26 weeks within any 52-week period.

The waiting period is seven-days. Two periods of disability due to the same illness or accident or related thereto, which are not separated by more than 90 days are considered as one period of disability.

### **For more information:**

[SINOT Programhttps://www.trabajo.pr.gov/](https://www.trabajo.pr.gov/) (Note: this website is in Spanish.)

## Rhode Island

### Temporary Disability Insurance

#### Covered Employers:

All employers with employees in Rhode Island.

#### Coverage:

Employers are required to participate in the state-run program.

#### Eligible Employees:

To be eligible for disability benefits, employees must have earned at least \$15,600 in wages in Rhode Island during their base period or earned at least \$2,600 in one base period quarter; have total base period wages at least equal to 1 1/2 times the employee's highest base quarter earnings; and have base period wages at least equal to \$5,200.

#### Contributions:

Financed entirely by payroll deductions. Employees are taxed at 1.1% of their pay up to \$84,000 in 2023.

#### Benefits:

The weekly benefit is 4.62% the employee was paid in the highest quarter of their Base Period – the first four of the last five completed calendar quarters before the starting date of their new claim. The maximum benefit for 2023 is \$1,007 per week and the minimum benefit rate is \$121.00 per week. The maximum benefit is thirty total weeks.

There is a dependency allowance limited to five dependent children less than 18 years of age. The allowance is equal to the greater of \$10 or 7 % of the benefit rate. The maximum with dependents is \$1,359/week with five dependents.

There is no waiting period but employee must have been unemployed at least seven days due to injury or illness.

#### For more information:

[Department of Labor and Training – Temporary Disability / Caregiver Insurance](#)