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## Correspondence Memorandum

**Date:** April 9, 2018  
**To:** Group Insurance Board  
**From:** Jim Guidry, Director  
Benefit Services Bureau  
**Subject:** Disability Program Redesign Update

**This memo is for informational purposes only. No Board action is required.**

This memo is to update the Board on the activities related to the redesign of the disability benefit plans offered to eligible Wisconsin Retirement System employees. The goal of the redesign effort is to streamline the administration of disability benefits, reduce duplication and reduce complexity and confusion for employers and employees.

**Long-Term Disability Insurance (LTDI):** On January 1, 2018, the LTDI program was closed to new claims and the 40.63 Disability Annuity program was reopened to all eligible WRS employees. ETF's Benefit Payments System (BPS) took over the payment of existing LTDI claims on February 1, 2018.

- Pending LTDI Claims.** There are approximately 94 pending claims remaining at the time this memo was prepared. Aetna is responsible for processing these remaining claims to final determination.
- BPS System Changes.** Staff have developed changes to the BPS system that will enable the annual benefit adjustments to be ingested from existing in-house data. The annual adjustments are effective on April 1 of each year and benefit amount payment changes are paid beginning each year with the May 1 payment.
- Communications.** DPS staff are currently revising communications related to LTDI benefit processes. Such updates include revisions or deletions of existing documents, and anticipated special communications to claimants.

Reviewed and approved by Matt Stohr, Administrator, Division of Retirement Services

Electronically Signed 4/23/18

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GIB	5.16.18	6B

4. **Administrative Functions.** ETF and Aetna continue working to transition LTDI-specific administrative functions to ETF. ETF is currently in the process of transitioning functions relating to LTDI payment offsets and LTDI recipient deaths, and completed transitioning the afore-mentioned annual benefit update process.

**Income Continuation Insurance (ICI):** The Board approved modifications to the ICI program at its February 8, 2017, meeting as a response to the growing actuarial deficit in the State ICI program and as part of the overall disability benefit system overhaul. Additionally, the GIB approved moving oversight of the ICI program to the ETF Board.

Both changes to the ICI program require statutory changes. ETF, working with the Legislative Reference Bureau, has finalized draft legislation to redesign the ICI program. The changes were not acted on as part of the current legislative session. ETF is currently developing strategies for legislative action in the next session, which will begin in January 2019.

In order to provide stable benefits administration while the changes to the LTDI and ICI programs are implemented, the Board also approved an amendment to the third party administrative contract with Aetna to grant two additional one-year contract extensions. The contract extension was completed on October 6, 2017. ETF is currently in discussions with Aetna regarding a contract extension for 2019.

**Disability Programs Section (DPS) Staffing.** Closing the LTDI program and re-opening the disability annuity program to new claims meant a logistical shift in workload responsibilities. The disability annuity program is administered by ETF, while the LTDI program was administered by Aetna. ETF's disability actuaries estimated that closing the LTDI program would result in an increase in disability annuity applications by approximately 330 claims per year. Additionally, the administrative functions related to administering the run out of LTDI claims are transitioning from Aetna to ETF over the next year. These increases in workload created the need for additional staffing in DPS. DPS has added two additional Trust Funds Specialists to handle the increased workload.

Please contact Jim Guidry at (608) 266-5387 or [jim.guidry@etf.wi.gov](mailto:jim.guidry@etf.wi.gov) if you have comments or questions.

Staff will be at the Board meeting to answer any questions.