



STATE OF WISCONSIN
Department of Employee Trust Funds

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CORRESPONDENCE MEMORANDUM

DATE: October 27, 2003
TO: Group Insurance Board
FROM: Audrey Koehn, Director
Disability Programs Bureau
SUBJECT: **Income Continuation Insurance (ICI) Redesign Summary and Update**

At the June 2003 Board meeting, the Board requested a summary of the changes to the ICI plan that were approved by the Board at the April 1998 meeting and an update on the process of implementation of these recommendations. **This is for information only. No Board action is required.**

Summary

Attached is the memorandum that was presented to the Board at its April 21, 1998 meeting. The Board approved the recommendations at that time and directed the department to proceed with any preliminary steps that were necessary to implement the plan changes. The following are the key features of the proposed redesign:

- The two current plans would be combined into one plan available to all State and UW employees (including the UW faculty).
- Sick leave would not be used to determine either the premium or the ICI benefit begin date.
- Four elimination periods would be available for selection by the individual: 30, 90, 125 and 180 calendar days.
- State pays entire premium for 180 calendar day elimination period (similar to current UW faculty plan).
- Deferred enrollment would remain available.
- Premium plateaus would be eliminated.
- Category 3 premium level would be eliminated.
- The maximum benefit would remain capped at \$4,000 per month, but individuals could pay the full premium cost to cover a salary and benefit that would exceed the \$4000 level.

At the time of the recommendation, we estimated the changes would increase costs to the State by approximately \$1 million per year. The actuaries estimated that these changes would likely add 0.3 days per year to the average annual unused sick leave accumulation which in turn would increase costs to fund the ASLCC and SHICC programs by approximately 0.10% of payroll. Offsetting these costs would be savings of approximately \$370,000 per year due to the elimination of Category 3 premium contributions by the State, and a savings to the agencies equaling approximately 0.15% of payroll due to disabled employees not being required to exhaust their sick leave accounts prior to beginning ICI benefits.

Reviewed and approved by Tom Korpady, Division of Insurance Services.

Signature Date

Board	Mtg Date	Item #
GIB	11/18/2003	5

The Board was advised that implementation of this proposed redesign would require a statutory change to 40.05 (5) and 40.62, Wis. Stats. These are the sections of the statutes that set forth the current premium contribution amounts and the requirement that all accumulated sick leave be exhausted prior to the payment of ICI benefits.

Update

The required statutory changes were first introduced in the 1999-2000 Legislature as Senate Bill 471, sponsored by Senator Risser, and co-sponsored by several Representatives. The bill passed out of the Senate and was later tabled in the Assembly Republican caucus. Those changes were again introduced in the 2001-2002 Legislature as Senate Bill 125. The bill never progressed.

The department is unable to take further action to implement the approved redesign until these statutory changes are enacted.

Attachment