



STATE OF WISCONSIN  
Department of Employee Trust Funds

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**CORRESPONDENCE MEMORANDUM**

REVISED

**DATE:** February 4, 2004  
**TO:** Group Insurance Board  
**FROM:** Audrey Koehn, Director  
Disability Programs Bureau  
**SUBJECT:** Recommended Mandatory Automated Clearing House (ACH) Benefit  
Payments for Long-Term Income Continuation Insurance (ICI) and Long-Term  
Disability Insurance (LTDI) Claimants

Recommendation

Staff recommends that a policy be adopted by the Group Insurance Board (Board) to require all ICI long-term and LTDI benefits to be paid through ACH deposits effective March 1, 2004.

Background

At the November 18, 2003, Board meeting, staff noted that each month, an average of 10 ICI and 3 LTDI benefit checks are reported lost or stolen and about 1 per year is fraudulently cashed. In addition, several checks are reported as being delivered late, despite CORE's compliance with the contract requirement to deliver the checks to the Post Office two calendar days prior to the check date.

A way to resolve this is to require that benefits be distributed through ACH similar to the requirement of the Social Security Administration that currently pays all of its benefits through ACH. This process deposits the benefit amount directly into the claimant's checking or savings account (as designated) through electronic deposit of funds. Currently, about 60% of the long-term ICI and 73% of the LTDI claimants use ACH. Many of these claimants are receiving Social Security disability benefits as well.

This process should virtually eliminate the lost, stolen and uncashed check problem. It would ensure that benefits are received timely and reduce administrative costs for mailing and check production.

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

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Signature

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Date

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