



STATE OF WISCONSIN
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CORRESPONDENCE MEMORANDUM

DATE: January 27, 2005
TO: Group Insurance Board
FROM: Audrey Koehn
SUBJECT: Revisions to the State and Local Income Continuation Insurance (ICI) Plans
 Premium Tables Effective April 1, 2005 - 5th Amendment

Recommendation

Staff recommends that the Group Insurance Board (Board) approve the attached revisions to the State and Local ICI plans premium tables and the associated plan language with an effective date of April 1, 2005.

Background and Discussion

Premiums for the State ICI plan have been determined through the use of a table that pairs the biweekly and monthly salaries with a set dollar premium amount. These tables have been in use since the program's inception and have not been updated. As a consequence, those tables never progressed above a salary level of \$4000 per month, after which the premium amount remains flat for both the employer and the employee. At these premium levels, the funding for the plan has been more than adequate. However, as a result of the development of the new supplemental ICI program for covering salaries in excess of \$5,400.00 per month, the gap in this premium structure for the State employees earning between \$4,000.00 and \$5,400.00 per month has become more apparent.

The premium chart attached to the fourth amendment approved by the Board at the November meeting included a premium table that inadvertently filled in this premium gap. The Board's intent was to have the supplemental coverage remain budget neutral for the State. If the fourth amendment tables were used, there would be additional premium costs to both the State and certain employees. As noted above, because the plan is well funded, these additional premiums are not currently needed. Staff therefore recommends adoption of the attached tables and fifth amendment to restore the premium levels that are currently in effect. If in the future, the funding status of the plan changes, the Board may wish to have the actuary consider a revision to the entire premium structure.

Since the premium tables needed to be revised, we also asked the actuary to create separate tables for the basic and supplemental coverage for the State and Local plans. These are attached.

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

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ICI Plans Premium Tables, cont.
January 27, 2005

The State and Local plan language had to be revised to reflect the correct references to the tables. Also, we clarified the language for the maximum amounts payable under the ICI plan in sections 2.16 BENEFIT PAYMENTS due to different interpretations by staff.

The current administrative services contract with Broadspire will need to be amended to incorporate these changes. The attached "Fifth Amendment" accomplishes this revision.

attachments