



EMPLOYER BULLETIN

Vol. 23, Local A
January 17, 2006

- Annual Employee Income Continuation Insurance (ICI) Premium Update
- Supplemental ICI
- 2006 ICI Premium Rates

ICI	Completion Date	Effective Date	Report Date
Annual Premium Update	March	March 1	March report due February 20, 2006
Annual Supplemental ICI Enrollment period—Use ICI Application (ET-2366)	Application received by January 30	March 1	March report due February 20, 2006

Annual ICI Premium Update

Local employers offering ICI must annually update payroll records and calculate new monthly ICI premiums effective March 1, 2006. The new premium rates are based on your insured employees' 2005 average monthly earnings, as reported to the Wisconsin Retirement System (WRS), and their selected elimination period. An employee's average monthly earnings are defined as the total 2005 WRS earnings rounded to the next higher thousand and divided by 12.

The updated premiums must be reported on your March 2006 *Income Continuation Report* (ET-1629), due at Employee Trust Funds (ETF) on or before Monday, February 20, 2006. Please write "Annual Review and Update Completed" on the bottom of your March 2006 report to indicate that you have completed this process.

Note: If you submit your March 2006 ICI report without making the premium adjustment, please make the necessary adjustments based on 2005 earnings on your April 2006 premium report due March 20, 2006. You will also need to make a correcting entry for the March report.

Use the following instructions to complete your review of ICI premiums. You may also refer to subchapter 403 of the *Wisconsin Public Employers Income Continuation Insurance Administration Manual* (ET-1145, rev. 12/2004).

1. Use each insured employee's earnings as reported to the WRS for 2005. For newly hired employees or those who have had an interruption in earnings of three consecutive months or more, the WRS earnings for 12 months will be an estimate.
2. Verify that you are reporting employees by the correct elimination period. (This may be accomplished by checking the most recent application for each employee.)
3. Use the guidelines listed in chapter 4 of the *Wisconsin Public Employers ICI Administration Manual* (ET-1145, rev. 12/2004) to calculate the amount of the monthly premium for each employee and the employer contribution. The premium rates are unchanged from last year.
4. The resulting total premiums will be the amount paid and reported beginning February 20, 2006 (for March 2006 coverage) and ending January 22, 2007 (for February 2007 coverage).

Note: When an employee has a permanent change in the percentage of appointment, such as a change from part-time to full-time employment, premiums must be adjusted at the time the change occurs. If an adjustment was not made at the time the change in appointment occurred, payment of the additional premiums—or refund of the overpaid premiums—should be made from the month of the change to the end of the calendar year on the report due February 20, 2006.

Supplemental ICI Open Enrollment Period Concludes January 30, 2006

The 2006 enrollment period for supplemental ICI coverage runs through January 30. Supplemental ICI provides for coverage based on annual earnings between \$64,000 and \$120,000. Coverage elected during the 2006 enrollment period is effective March 1, 2006.

Supplemental ICI Provisions

The ICI program covers 75% of an individual's annual earnings up to \$64,000. Supplemental ICI coverage allows for coverage up to annual earnings of \$120,000. The employee pays the entire premium for coverage beyond the \$64,000 threshold. Individuals with annual earnings greater than \$120,000 who enroll in supplemental ICI coverage are limited to a benefit based on earnings of \$120,000. Eligible employees electing supplemental coverage must insure their entire salary above \$64,000 up to a maximum of \$120,000. There is no partial supplemental coverage. Enrollment in the supplemental coverage is voluntary.

Supplemental ICI Enrollment

Employers should notify eligible employees of the supplemental ICI enrollment opportunity and direct interested employees to contact the appropriate human resources or payroll/benefits personnel for an ICI application.

Eligible employees on leaves of absence during the open enrollment period have 30 days from their return to work to apply for supplemental ICI coverage. Employees currently receiving ICI

benefits may enroll when they return to work and are no longer receiving ICI benefits.

Who is eligible for supplemental ICI coverage during the annual supplemental coverage enrollment period?

Employees with ICI coverage and earnings exceeding \$64,000 who failed to enroll during the initial open enrollment period may enroll in supplemental ICI coverage during the annual enrollment period. These employees cannot apply for supplemental ICI coverage by furnishing medical evidence of insurability (EOI).

Employees whose annual earnings first exceed \$64,000 in 2005 may enroll in supplemental ICI.

Who pays the premium?

The employee pays the entire premium for the supplemental ICI coverage; there is no employer share. Employers cannot contribute any portion of the supplemental ICI premium.

How does supplemental coverage affect the potential benefit level?

Employees with supplemental ICI coverage are eligible for a maximum benefit of \$7,500 per month (75% of maximum monthly earnings of \$10,000).

Employees with annual earnings greater than \$64,000 who are not enrolled in supplemental ICI coverage are limited to a maximum benefit of \$4,000 per month.

How to apply:

Eligible employees wishing to enroll in supplemental ICI coverage must complete the 'Employee' section of the *Income Continuation Insurance Application* indicating the election of supplemental ICI coverage. The application must be returned to the employer by close of business on January 30, 2006.

Employers will:

1. Validate that the employee is eligible for supplemental ICI coverage.
2. Complete the 'Employer' section of the application and forward the top copy of the application to ETF. Each application will be audited and problem applications reviewed with the employer or returned.
3. Retain the Employer Copy for verification purposes.
4. Give the Employee Copy to the employee.

2006 ICI Premium Rates

ICI premium rates for 2006 will remain at current levels. The following premium rate sheets may be printed from the ETF web site:

- Monthly Premium Rates and Minimum Employer Contribution
http://etf.wi.gov/employers/bulletins_local/ebl20050211_rates1.pdf
- Supplemental Coverage Premium Rates
http://etf.wi.gov/employers/bulletins_local/ebl20050211_rates2.pdf

For more information, contact the Employer Communication Center at (608) 264-7900.

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• *and need assistance, call (608) 266-0728 or TTY (608) 267-0676. We will try to find another way* •

• *to get the information to you in a usable form.* •

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