



EMPLOYER BULLETIN

Employer Communication Center
(608) 264-7900, toll free 1-888-681-3952

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Wisconsin Act 402 Creates an Employer Error Provision for Income Continuation Insurance Coverage

Wisconsin Act 402, effective May 25, 2006, created a provision under Wis. Stat. § 40.61 (5), allowing an employee to obtain Income Continuation Insurance (ICI) coverage when, as a result of employer error, an eligible employee has not filed an *Income Continuation Insurance Application*. (ET-2307, State; ET-2366, Local).

Some of the common ICI enrollment errors made by employers include:

- Failure to complete Wisconsin Retirement Service (WRS) previous service check resulting in miscalculation of an employee's ICI eligibility date.
- ICI information or an application not provided to your WRS eligible employee.
- Employer unaware of WRS eligibility date and reports WRS enrollment late.

If you discover that an employee was not provided an *Income Continuation Insurance Application* when eligible or has lost coverage due to an employer error, immediately notify the employee of the error in writing and provide the employee with a new application. The employee must return the application electing or declining coverage, to the employer within 30 days of being informed of the error. In addition to your discovery of an enrollment error, should the Department of Employee Trust Funds (ETF) or Aetna discover an employer error, the employer will be contacted for further information. This process is similar to the life insurance employer error provision that has long been in effect.

Once an error is discovered, submit an *Income Continuation Insurance Application* along with a detailed letter of explanation to ETF. The employer error letter should provide answers to the following questions:

- What is the exact nature of the error?
- What evidence exists to show that you, not the employee, were responsible for the error?
- Did special circumstances cause the error to be made?
- How and when was the error discovered?
- What was done once the error was discovered?
- What corrective action have you put in place to ensure that this type of error does not re-occur?

Upon receipt, ETF will review the documentation and determine whether the application can be approved through the employer error provision. ETF will notify you of the outcome with a letter and copy of the application. If approved, ICI coverage will be effective the first of the month on or after the date the application was received by the employer. Coverage can not be approved retroactively.

State Only: The ICI premium is based on salary level and sick leave accumulation in effect at the time of approval, or on the selected elimination period for UW faculty. (Refer to Chapter 4 of the *ICI Employer Administration Manual* (ET-1119) for information on employee and employer premiums).

In addition to their initial ICI enrollment opportunity, state employees can obtain coverage through the annual deferred enrollment period. For employer error on late deferred enrollment applications, premium determinations are predicated on the accrual or total accumulation of sick leave recorded and credited to the last complete pay period for the previous calendar year.

Local Only: The ICI premium is based on salary level and selected elimination period. (Refer to Chapter 4 of the *WPE ICI Administration Manual* (ET-1145) for information on employee and employer premiums).

Employees denied ICI coverage through the employer error provision can apply for ICI coverage by providing evidence of insurability.

Ongoing ICI Coverage Verification

Employees and employers are responsible for verifying ICI coverage and other insurance benefits administered by ETF. Employees should

bring any errors to your attention and can verify ICI coverage by:

- reviewing payroll deductions.
- reviewing the annual statement of fringe benefits. All state employers and many local employers provide employees with an annual statement of fringe benefits. The ICI contract will be amended to reflect that an employee may lose eligibility for enrollment under the employer error provision if they fail to question an error after receiving two consecutive annual fringe benefit statements. Therefore, employers are encouraged to implement a policy of providing employees with an annual fringe benefit statement.

Future revisions of the local and state ICI administration manuals will include information on the ICI employer error enrollment provision.

For questions regarding ICI employer error, please contact the Employer Communication Center at (608) 264-7900.

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 • *The Department of Employee Trust Funds does not discriminate on the basis of disability in the provision of programs, services or employment. If you are speech, hearing or visually impaired 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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The ETF EMPLOYER BULLETIN is published by the Wisconsin Department of Employee Trust Funds. There are three editions: one for all employers, one for local employers with items just for their interest, and one for state agencies. Questions should be directed to contact persons listed, or to the Division of Trust Finance & Employer Services. Call John Vincent at (608) 261-7942.

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