CHAPTER 4—Employee and Employer Premiums

400 Basis for Premium Rates

Insured employees, except those newly hired or with a permanent change in percentage of appointment*, have monthly premiums based on:

- Average monthly earnings, determined by rounding the previous year's WRS earnings to the next higher thousand and dividing by 12;

  and
- The employee's selected elimination period of either 30, 60, 90, 120 or 180 calendar days. An elimination period represents the number of consecutive calendar days that must elapse between the first date of disability and the date benefit payments begin. ICI benefits are not paid during the elimination period. Higher premium rates are charged for shorter elimination periods; lower rates are charged for longer elimination periods.
- Premiums for supplemental ICI coverage are paid entirely by the employee; the employer cannot contribute to the supplemental ICI premium.

Newly hired employees, or those with a **permanent change in percentage of appointment***, have monthly premiums based on the following:

- Projected average monthly earnings, determined by rounding the projected annual earnings to the next higher thousand and dividing by 12.
- The employee's selected elimination period of either 30, 60, 90, 120 or 180 calendar days. An elimination period represents the number of consecutive calendar days that must elapse between the first date of disability and the date benefit payments begin. ICI benefits are not paid during the elimination period.

* Refer to subchapter 504 on permanent change in percentage of appointment.

Note: An employee who wants to shorten their elimination period after coverage has gone into effect must apply through evidence of insurability by completing the *Evidence of Insurability Application* (ET-2308). Lengthening an elimination period does not require evidence of insurability, but an employee must complete a new *Income Continuation Insurance Application* (ET-2366).

Note: At times the Group Insurance Board may approve a premium holiday due to the strong financial position of the local ICI plan. Employers and employees will not be required to pay premiums for the period the Board declares a premium holiday. The premium holiday includes supplemental ICI coverage. ETF will issue an *Employer Bulletin* notifying employers when a premium holiday is declared and when the premium holiday ends.

Employers must still submit the *Monthly Premium Report Group Income Continuation Insurance* (ET-1629) form to ETF during any declared premium holiday so enrollment data can be recorded. Refer to Chapter 5 for information on completing this form.

401 Calculating Employer Contribution and Employee Premium

Employer contribution is based on a percentage of the employee's average monthly earnings in the preceding calendar year (or projected average monthly earnings for those employees noted in subchapter 400) and the employee's selected elimination period.

The employer contribution toward the total premium may be increased but not decreased, at the employer's discretion. For supplemental ICI coverage, the employee pays the entire premium; there is no employer share. Employers cannot contribute to the supplemental ICI premium.

Employers are not required to contribute the same percentage of ICI premium for all employees and may elect to pay some or all of the employee portion of the premium based on employee classification or union contracts.

The following table shows the current employer and employee premium rate percentages based on the elimination period selected. These rates are subject to annual revision. (Refer to subchapter 402 for information on annual premium update.)

Calendar Day Elimination Period	Monthly premium as a percentage of average monthly earnings		
	Total	Employer Minimum	Employee Maximum
30	1.00%	.25%	.75%
60	.775%	.25%	.525%
90	.625%	.25%	.375%
120	.475%	.25%	.225%
180	.25%	.25%	0%

Examples of Premium Calculation:

A. Previous year's WRS reported earnings are $22,100; rounded to $23,000. Employee selects 90-calendar day elimination period.

The monthly ***employer contribution*** is calculated as follows:

$ 23,000.00
÷12 (months)
$ 1,916.67
x .25%
$ 4.79 (employer contribution)

The monthly ***employee contribution*** is calculated as follows:

$ 23,000.00
÷12 (months)
$ 1,916.67
x .375%
$ 7.19 (employee contribution)

B. A new employee's projected annual earnings are $35,900; rounded to $36,000. Employee selects 30-calendar day elimination period.

The monthly ***employer contribution*** is calculated as follows:

$ 36,000.00
÷12 (months)
$ 3,000.00
x .25%
$ 7.50 (employer contribution)

The monthly ***employee contribution*** is calculated as follows:

$ 36,000.00
÷12 (months)
$ 3,000.00
x .75%
$ 22.50 (employee contribution)

Note: The examples indicate the minimum amount contributed by employers. The contribution toward the total premium made by employers may be increased but not decreased, at the discretion of the employer.

Minimum Employer Contribution Effective March 1, 2004		
WRS Earnings in the Previous Calendar Year	**Equivalent Average Monthly Earnings**	**Employer .25% Contribution**
0.00 - 5,000.00	416.67	1.04
5,000.01 - 6,000.00	500.00	1.25
6,000.01 - 7,000.00	583.33	1.46
7,000.01 - 8,000.00	666.67	1.67
8,000.01 - 9,000.00	750.00	1.88
9,000.01 - 10,000.00	833.33	2.08
10,000.01 - 11,000.00	916.67	2.29
11,000.01 - 12,000.00	1,000.00	2.50
12,000.01 - 13,000.00	1,083.33	2.71
13,000.01 - 14,000.00	1,166.67	2.92
14,000.01 - 15,000.00	1,250.00	3.13
15,000.01 - 16,000.00	1,333.33	3.33
16,000.01 - 17,000.00	1,416.67	3.54
17,000.01 - 18,000.00	1,500.00	3.75
18,000.01 - 19,000.00	1,583.33	3.96
19,000.01 - 20,000.00	1,666.67	4.17
20,000.01 - 21,000.00	1,750.00	4.38
21,000.01 - 22,000.00	1,833.33	4.58
22,000.01 - 23,000.00	1,916.67	4.79
23,000.01 - 24,000.00	2,000.00	5.00
24,000.01 - 25,000.00	2,083.33	5.21
25,000.01 - 26,000.00	2,166.67	5.42
26,000.01 - 27,000.00	2,250.00	5.63
27,000.01 - 28,000.00	2,333.33	5.83
28,000.01 - 29,000.00	2,416.67	6.04
29,000.01 - 30,000.00	2,500.00	6.25
30,000.01 - 31,000.00	2,583.33	6.46
31,000.01 - 32,000.00	2,666.67	6.67
32,000.01 - 33,000.00	2,750.00	6.88
33,000.01 - 34,000.00	2,833.33	7.08
34,000.01 - 35,000.00	2,916.67	7.29
35,000.01 - 36,000.00	3,000.00	7.50
36,000.01 - 37,000.00	3,083.33	7.71
37,000.01 - 38,000.00	3,166.67	7.92
38,000.01 - 39,000.00	3,250.00	8.13
39,000.01 - 40,000.00	3,333.33	8.33
40,000.01 - 41,000.00	3,416.67	8.54
41,000.01 - 42,000.00	3,500.00	8.75
42,000.01 - 43,000.00	3,583.33	8.96
43,000.01 - 44,000.00	3,666.67	9.17
44,000.01 - 45,000.00	3,750.00	9.38
45,000.01 - 46,000.00	3,833.33	9.58
46,000.01 - 47,000.00	3,916.67	9.79
47,000.01 - 48,000.00	4,000.00	10.00
48,000.01 - 49,000.00	4,083.33	10.21
49,000.01 - 50,000.00	4,166.67	10.42
50,000.01 - 51,000.00	4,250.00	10.63
51,000.01 - 52,000.00	4,333.33	10.83
52,000.01 - 53,000.00	4,416.67	11.04
53,000.01 - 54,000.00	4,500.00	11.25
54,000.01 - 55,000.00	4,583.33	11.46
55,000.01 - 56,000.00	4,666.67	11.67
56,000.01 - 57,000.00	4,750.00	11.88
57,000.01 - 58,000.00	4,833.33	12.08
58,000.01 - 59,000.00	4,916.67	12.29
59,000.01 - 60,000.00	5,000.00	12.50
60,000.01 - 61,000.00	5,083.33	12.71
61,000.01 - 62,000.00	5,166.67	12.92
62,000.01 - 63,000.00	5,250.00	13.13
63,000.01 - and up	5,333.33	13.33

402 Annual Review and Premium Update

Employers update payroll records and calculate the insured employee's new monthly ICI premiums effective April 1 each year. The updated premiums are reported on the *March Monthly Premium Report Group Income Continuation Insurance – Locals* (ET-1629) form due at ETF on or before March 24th.

The following checklist may be used to complete the annual review and premium update:

1. Determine each insured employee's average monthly earnings by taking their WRS -reportable earnings for the preceding calendar year, rounded up to the next higher thousand, and dividing by 12. Exceptions:
   - For employees who were **newly hired**, continue to use their previously projected WRS earnings amount, until such time that the employee has a full calendar year of WRS-reportable earnings.
   - For employees who have had a **permanent change in percentage of appointment** since January 1st of the previous year, continue to use their previously projected earnings amount, until such time that the employee has a full calendar year of earnings at their new FTE percentage.
   - For employees who were on an **unpaid leave of absence (LOA)** in the previous year, continue to use the earnings amount that was in effect prior to the LOA, until such time that the employee has a full calendar year of WRS-reportable earnings.
2. Verify that insured employees are reported according to their selected elimination period.
3. Calculate the amount of monthly premiums for each employee and the corresponding employer contribution.
4. Fill in the total premium amount on the *Monthly Premium Report Group Income Continuation Insurance – Locals* form.

Annual Open Enrollment Period for Supplemental Coverage (January 1-March 1)

As part of the annual review, employers must also determine whether their employees meet the salary threshold to qualify for Supplemental ICI coverage (i.e. earnings exceeding $64,000 in the previous calendar year.) Supplemental ICI enrollment requires previous enrollment in standard ICI. Employees who do not currently have standard ICI coverage cannot enroll for supplemental coverage. (They can, however, apply for both standard and supplemental coverage at any time through evidence of insurability.)

Employers are responsible for informing eligible employees of this enrollment opportunity and providing them with an ICI application if the employee wishes to enroll.

Applications must be received by the employer by March 1. (If March 1 falls on a weekend, the annual open enrollment period will be extended to the following business day.)

Eligible employees on leave of absence during the annual open enrollment period have 60 days from the date they 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. Supplemental coverage will be effective the first day of the month that first occurs during the 60-day enrollment period, but no earlier than April 1st of the year in which the employee becomes eligible.