

**Wisconsin Local Government Employees**

# **INCOME CONTINUATION INSURANCE**

**To Protect Your Income During  
Short or Long Periods of Disability**



**Department of Employee Trust Funds  
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**Wisconsin Department of Employee Trust Funds**

**Income Continuation Insurance (ICI)**

**Program Features For Local Government Employees**

**BENEFITS PAYABLE**

- Up to 75% of the higher of the previous calendar year salary or projected salary due to change in rates of pay to a maximum of \$4,000 per month for standard ICI coverage and up to \$7,500 per month with supplemental coverage
- For physical or mental disabilities
- Paid first of the month following the benefit month
- For length of disability, up to a maximum duration (usually age 65)
- After exhaustion of the selected elimination period after date disability begins
- Earnings for vacation, holiday, compensatory time and paid sick leave are offset at 100%

**COVERAGE**

- Supplemental coverage available to eligible employees
- May be continued during authorized leave of absence and temporary layoffs
- May include rehabilitative training
- Noncancelable except by employee or if the WRS employer withdraws from the plan

**PREMIUM**

- Based upon earnings and selected elimination period
- Up to 100% paid by the employer for standard coverage
- Employee may purchase supplemental coverage for annual salary exceeding \$64,000 up to a maximum of \$120,000
- Employee responsible for 100% of the premium for supplemental coverage

## INTRODUCTION

The Income Continuation Insurance (ICI) plan is authorized by Wisconsin Statute § 40.61, and is administered according to the plan provisions between the Group Insurance Board and the third party administrator (currently Aetna). The plan is available to all local government employees whose employer is participating in the Wisconsin Retirement System (WRS) and have enrolled in the local ICI plan, and who have completed six months of service under the WRS. If you enroll, the plan will provide 75% of your gross earnings reported to the WRS in the event you become disabled. If your annual salary exceeds \$64,000 you may be eligible to purchase supplemental coverage. The plan provides replacement income for disabilities which are considered short term in nature as well as those which may last for extended periods. Depending on your age at the time disability begins, the plan may continue disability payments until age 70. Benefits normally end at age 65. For disabilities that last over one year, a supplement of \$75 per month is added to the normal benefit amount. There are no cost of living increases.

Benefits under the program will not duplicate benefits available from the WRS, Social Security Administration or employer sponsored programs such as WRS retirement (regular or disability retirement and lump sum payments), Long-Term Disability Insurance (LTDI), Social Security, Worker's Compensation, Unemployment Compensation, Federal retirement programs, etc. While the ultimate amount available under the ICI plan is a fixed 75% of the annual earnings as reported to WRS, the sources which constitute the payment may vary according to your eligibility for benefits from other programs. **You will be required to repay duplicate benefits back to the ICI plan.**

The ICI plan is a self-insured plan which is financed by employer and employee premium contributions. Collected premiums are deposited in an employee trust fund rather than paid to an insurance company. A third party administrator performs the administrative services required to process, pay and manage benefits.

The gross premium for the insurance is computed as a percentage of WRS covered earnings. Typically, your employer contributes a portion, or pays the total premium for employees who select the 180 calendar day elimination period. If employees desire a shorter elimination period, they are required to pay the necessary additional premium. The percentage of premium paid by the employer as a fringe benefit determines what percentage of benefits received is taxable. If you purchased the supplemental coverage, you must pay the entire premium for the portion of the coverage that exceeds \$64,000.

### **How to file a claim**

If you need to initiate a claim, call the third party administrator at 1-800-960-0052 or complete an ICI claim form (ET-5352) and submit it directly to the Department of Employee Trust Funds. Telephone filing is encouraged.

# PREMIUM RATES

## EMPLOYEE CONTRIBUTIONS

To determine your monthly premium:

1. Select the appropriate elimination period (30, 60, 90, 120 or 180 days). The elimination period is the minimum number of consecutive calendar days which must elapse after your disability begins and before your benefit begins.

Benefits will not begin until the elimination period has been completed. If you are paid sick leave, vacation, holiday and comp. time after your elimination period your ICI benefit is offset by 100% of the paid earnings.

2. Find your monthly premium in the corresponding column opposite your annual gross earnings range:

- WRS earnings in the previous calendar year are rounded to the next higher thousand and divided by 12,

or

- Projected annual salary rounded to the next higher thousand, divided by 12, if you are a newly hired employee.
- Employers must adjust premiums when an employee's appointment is permanently changed. In these situations, projected earnings for the ensuing 12 months, rounded to the next higher \$1,000 and divided by 12 would be used to determine the premium rate. If the employee is full-time, calculate the projected earnings for the ensuing 12 months by multiplying the employee's base hourly rate by 2080. These estimated monthly earnings are used as a basis for coverage until, at the time of the annual adjustment, a full calendar year of WRS reportable salary is available.

Note: If your appointment is a 50% appointment but you are required to permanently work 100%, your ICI coverage should be based on the 100% work. If you are not required to work 100% on a permanent basis, then your ICI coverage will initially be calculated at the 50% appointment. Once your premiums are adjusted due to the annual adjustment period (March 1) your coverage will then be based on the previous calendar year earnings as reported to WRS, which will include all of the hours you actually worked.

Note: Annual premium adjustments are effective each March 1.

Example 1: Employee with standard coverage only:

Elimination period:	60 days
Prior year's earnings:	\$23,500
Round to next higher thousand:	\$24,000
Premium:	\$10.50 per month

Example 2: Employee with standard and supplemental coverage:

Elimination period:	60 days
Prior year's earnings:	\$93,500
Round to next higher thousand:	\$94,000
Standard:	\$28.00 per month
Supplemental:	<u>\$19.40</u> per month
Total:	\$47.40 per month



## MONTHLY SUPPLEMENTAL PREMIUM RATES EMPLOYEE CONTRIBUTIONS

WRS Earnings In The Previous Calendar Year	Elimination Period (in calendar days)				
	30 DAYS	60 DAYS	90 DAYS	120 DAYS	180 DAYS
64,000.01 - 65,000.00	0.80	0.60	0.50	0.40	0.20
65,000.01 - 66,000.00	1.70	1.30	1.00	0.80	0.40
66,000.01 - 67,000.00	2.50	1.90	1.60	1.20	0.60
67,000.01 - 68,000.00	3.30	2.60	2.10	1.60	0.80
68,000.01 - 69,000.00	4.20	3.20	2.60	2.00	1.00
69,000.01 - 70,000.00	5.00	3.90	3.10	2.40	1.30
70,000.01 - 71,000.00	5.80	4.50	3.60	2.80	1.50
71,000.01 - 72,000.00	6.70	5.20	4.20	3.20	1.70
72,000.01 - 73,000.00	7.50	5.80	4.70	3.60	1.90
73,000.01 - 74,000.00	8.30	6.50	5.20	4.00	2.10
74,000.01 - 75,000.00	9.20	7.10	5.70	4.40	2.30
75,000.01 - 76,000.00	10.00	7.80	6.30	4.80	2.50
76,000.01 - 77,000.00	10.80	8.40	6.80	5.10	2.70
77,000.01 - 78,000.00	11.70	9.00	7.30	5.50	2.90
78,000.01 - 79,000.00	12.50	9.70	7.80	5.90	3.10
79,000.01 - 80,000.00	13.30	10.30	8.30	6.30	3.30
80,000.01 - 81,000.00	14.20	11.00	8.90	6.70	3.50
81,000.01 - 82,000.00	15.00	11.60	9.40	7.10	3.80
82,000.01 - 83,000.00	15.80	12.30	9.90	7.50	4.00
83,000.01 - 84,000.00	16.70	12.90	10.40	7.90	4.20
84,000.01 - 85,000.00	17.50	13.60	10.90	8.30	4.40
85,000.01 - 86,000.00	18.30	14.20	11.50	8.70	4.60
86,000.01 - 87,000.00	19.20	14.90	12.00	9.10	4.80
87,000.01 - 88,000.00	20.00	15.50	12.50	9.50	5.00
88,000.01 - 89,000.00	20.80	16.10	13.00	9.90	5.20
89,000.01 - 90,000.00	21.70	16.80	13.50	10.30	5.40
90,000.01 - 91,000.00	22.50	17.40	14.10	10.70	5.60
91,000.01 - 92,000.00	23.30	18.10	14.60	11.10	5.80
92,000.01 - 93,000.00	24.20	18.70	15.10	11.50	6.00
93,000.01 - 94,000.00	25.00	19.40	15.60	11.90	6.30
94,000.01 - 95,000.00	25.80	20.00	16.10	12.30	6.50
95,000.01 - 96,000.00	26.70	20.70	16.70	12.70	6.70
96,000.01 - 97,000.00	27.50	21.30	17.20	13.10	6.90
97,000.01 - 98,000.00	28.30	22.00	17.70	13.50	7.10
98,000.01 - 99,000.00	29.20	22.60	18.20	13.90	7.30
99,000.01 - 100,000.00	30.00	23.30	18.80	14.30	7.50
100,000.01 - 101,000.00	30.80	23.90	19.30	14.60	7.70
101,000.01 - 102,000.00	31.70	24.50	19.80	15.00	7.90
102,000.01 - 103,000.00	32.50	25.20	20.30	15.40	8.10
103,000.01 - 104,000.00	33.30	25.80	20.80	15.80	8.30
104,000.01 - 105,000.00	34.20	26.50	21.40	16.20	8.50
105,000.01 - 106,000.00	35.00	27.10	21.90	16.60	8.80
106,000.01 - 107,000.00	35.80	27.80	22.40	17.00	9.00
107,000.01 - 108,000.00	36.70	28.40	22.90	17.40	9.20
108,000.01 - 109,000.00	37.50	29.10	23.40	17.80	9.40
109,000.01 - 110,000.00	38.30	29.70	24.00	18.20	9.60
110,000.01 - 111,000.00	39.20	30.40	24.50	18.60	9.80
111,000.01 - 112,000.00	40.00	31.00	25.00	19.00	10.00
112,000.01 - 113,000.00	40.80	31.60	25.50	19.40	10.20
113,000.01 - 114,000.00	41.70	32.30	26.00	19.80	10.40
114,000.01 - 115,000.00	42.50	32.90	26.60	20.20	10.60
115,000.01 - 116,000.00	43.30	33.60	27.10	20.60	10.80
116,000.01 - 117,000.00	44.20	34.20	27.60	21.00	11.00
117,000.01 - 118,000.00	45.00	34.90	28.10	21.40	11.30
118,000.01 - 119,000.00	45.80	35.50	28.60	21.80	11.50
119,000.01 - 120,000.00	46.70	36.20	29.20	22.20	11.70

Beginning on 3/1/2012,  
there will be a premium  
holiday for local ICI participants.

Note: These rates must be added to the ICI premium rates for the standard coverage to determine the employee's total premium.

## INCOME CONTINUATION INSURANCE (ICI) COVERAGE

The Income Continuation Insurance plan consists of standard and supplemental coverage. The standard and supplement coverage is based on the previous calendar year earnings rounded to the next highest thousand and divided by 12.

Standard coverage consists of your WRS annual salary not to exceed an annual amount of \$64,000. The supplemental coverage is based on your WRS annual salary exceeding the annual amount of \$64,000 up to a maximum of \$120,000. If you enroll in the supplemental coverage, your coverage is based on the entire amount of gross earnings that exceed the \$64,000. You cannot elect to be covered for only a portion of your earnings that meet the supplemental coverage limitations. In order to enroll in the supplemental coverage, you must also elect the basic coverage.

### Cost of Insurance

Your monthly premiums are determined based on the previous calendar year salary as reported to WRS or a projected annual salary rounded to the next higher thousand divided by 12, (for new hired employees or employees who have a permanent change in their percentage of appointment and the selected elimination period). The charts on pages 4 and 5 provide your share of the monthly premium. You will find a chart for the standard coverage and a chart for the supplemental coverage. If you have supplemental coverage you will need to add the premiums to the premiums due for the standard coverage to determine your share of the premium.

## HOW TO ENROLL

The ICI (standard and supplemental coverage) plan is available to all eligible local government employees whose employer is enrolled in the WRS and local ICI plan. An eligible employee is any person receiving earnings as payment for personal services rendered to or for the benefit of a participating local government employer and who is contributing a portion of those earnings to the WRS. Most employees must have six months of service under the WRS before becoming eligible for coverage. You may not be on a leave of absence at the time of enrollment. Some elected officials are immediately eligible for participation.

An employee who is employed at more than one employer or falls under a different ICI plan with a different elimination period must file an enrollment application for each position held.

### Two Enrollment Opportunities

#### Initial Enrollment Period

When you are initially hired by a participating employer, you may obtain coverage (standard and supplemental) by completing an application form and returning it to your payroll/personnel office within 30 days after serving six months under the WRS.

Example:

Date of hire:	October 15
Six months service under WRS completed:	May 1 (of following year)
Application must be returned to your Payroll/Personnel Section no later than:	May 30
Application returned to employer on or prior to May 1, coverage is effective:	May 1
Application returned to employer after May 1, coverage is effective:	June 1
Application returned to employer after May 30, coverage is <b>denied</b> .	

NOTE: *Employees who have previously served and still have credited at least six months under the WRS (with state or local government employers) are immediately eligible and must enroll within 30 days of date of hire. Elected officials who participate in the WRS are immediately eligible for coverage. Such officials must enroll within 30 days of taking office or appointment.*

During your initial enrollment period, you may not be eligible to enroll in the supplemental coverage because your annual salary does not exceed \$64,000. Each year when your employer reviews your annual salary to adjust your premiums for March 1, they will also determine if you meet the annual salary requirement for the supplemental coverage. If you wish to enroll, you will be required to complete an application electing the supplemental coverage.

### **Evidence of Insurability**

If you do not enroll during the initial enrollment period, you must prove that you are insurable. This applies to the ICI standard coverage only. This is done by completing an *Evidence of Insurability Application* form (ET-2308) and forwarding it directly to ETF. This form requires you to answer various questions concerning your past and present health status. Your application will be approved or denied based on the information provided by you and your physician(s) on your current health status. The cost for any medical exam or copies of the medical records is your responsibility.

If you are denied coverage, you will have the right to request reconsideration of the denial. The third party administrator will be responsible for the review. You must submit a written request to the third party administrator within ninety (90) days of the date of the initial denial. If the third party administrator upholds the initial denial on reconsideration, you have the right to request ETF to review the denial. If ETF upholds the denial, a new application may not be considered until a period of one (1) calendar year has elapsed from the date of the evidence of insurability application denial.

### **Employer Error**

If, as a result of employer error, an eligible employee has not filed an application for ICI or made premium contributions within 60 days after becoming eligible for ICI coverage, the employee is considered not to be insured for that coverage. The employee may become insured by filing a new application within 30 days after the employee receives from the employer written notice of the error. The employee is not required to furnish evidence of insurability to become insured. The employee becomes insured on the first day of the first month beginning after the date on which the employer receives the employee's new application and upon approval by ETF.

An employee who has been paying premiums for a period of twelve (12) consecutive months, even though not properly enrolled, is deemed to be insured. Following ETF's notice of improper enrollment, insurance shall continue in effect for thirty (30) days during which time proper enrollment must be completed by the employee. Coverage shall cease after thirty (30) days unless proper enrollment has been completed.

### **COVERAGE DURING LEAVE OF ABSENCE**

Coverage may be continued for an insured employee while on layoff or an approved leave of absence by paying premiums in advance. The maximum time ICI coverage can be continued is 36 months, except that an insured employee on union leave, as defined under Wis. Stat. § 40.02 (56), or military leave may continue to be insured for the duration of that leave. You must pay the entire premium yourself (employee and employer portions) while on leave. Payments must be received by your payroll/personnel office prior to the end of coverage so there is no lapse in coverage.

Coverage for an insured employee, which lapses while on leave of absence because premiums were not paid on a timely basis, may be reinstated without furnishing evidence of insurability if an application is received by the employer within 30 days of resuming active employment. Coverage is effective the beginning of the month that occurs on or after the date the application is received by the employer. Premiums are reinstated at the rate category which was in effect prior to the date of the authorized leave until the employee has worked one full calendar year after which the premiums shall be adjusted at the time of the annual adjustment (March 1) or if there has been a permanent change in the employees percentage of appointment (whichever is earlier).

### **COVERAGE DURING MILITARY LEAVE**

Wisconsin Act 162, published March 30, 2004, applies to State employees activated for military service on or after January 1, 2003. This law allows state employees on military leave to receive benefits and state salary (less military pay and allowances), as well as accumulate sick leave and vacation, as though no interruption of state service had occurred. With the enactment of Wisconsin Act 162, State employees activated to serve military duty are no longer considered on unpaid leaves of absence as long as the employee did not terminate employment. Although this act applied to State employees, the rules and guidelines are applicable to local employees if the employer follows the law.

An employee may meet the six months eligibility criteria for ICI coverage while on military leave. An employee may complete the enrollment application prior to the military leave for an effective date in the future or a person empowered through a Power of Attorney may sign the ICI application for the employee on military leave and premium deductions and coverage will begin effective after meeting the eligibility criteria.

Employees with ICI coverage who allow that coverage to lapse while on military leave, can reinstate coverage within 30 days of the return to work by filing a completed ICI application (ET-2366). The employer must receive the employee's completed *Income Continuation Insurance Application* (ET-2366) within 30 days of the return to work. Premiums resume at the same amount as prior to the leave until the employee has worked one full calendar year after which the premiums shall be adjusted at the time of the annual review or earlier if there was a permanent change in the percentage of appointment. If the employee's military salary is greater than the employee's employment salary, the employer only reports the earnings that the employee would have earned under their employment.

ICI benefits are not payable for disabilities caused by acts of war (direct or indirect). However, an employee may have or develop a medical condition unrelated to war service that may qualify the employee for ICI benefits.

## TERMINATION OF COVERAGE

ICI coverage terminates on the date an employee resigns, is dismissed, terminates, retires, turns age 70, or dies, whichever occurs first. If coverage ends, a full month's premium is due for any month or portion of a month for which earnings are paid.

If an employee is disabled under the terms of the plan at the time coverage terminates, the employee will continue to be eligible to receive benefits as long as the disability continues, up to the maximum duration of benefits as explained later in this booklet under *Reduction or Termination of Benefits*.

If your employer withdraws from the program, coverage shall terminate at the end of that calendar year, except for those who become disabled on or before the employer's withdrawal.

## DISABILITY DEFINITIONS

The first date of the elimination period is the day after your last day worked or the date the physician indicates you are disabled according to plan provisions, whichever is later. For this reason, it is important for you to be under the continuing care of your physician.

While you are not excluded from receiving benefits for a preexisting condition, you must be insured at the time the total disability begins in order to qualify for benefits.

You must remain completely off work and must be totally disabled from your own position because of a physical or mental impairment for a minimum of the selected elimination period. ICI benefits cannot be paid for days for which you are paid earnings, sick leave, vacation, holiday pay, etc. You and your employer are required to notify the third party administrator of all earnings and benefits received after the selected elimination period is expected to end.

To qualify for ICI benefits you do not necessarily have to be confined to your home, hospital, etc., however, you must be completely off work during the selected elimination period. If at your employer's request, you are required to perform incidental work functions for a minimal period of time, you need to contact the third party administrator before doing so. The third party administrator will discuss with the employer to determine if you will need to start the elimination period again or if the elimination period can be extended to take into consideration the days worked.

Totally disabled means, for purposes of Income Continuation Insurance:

*During the first 12 months of disability (short term disability), where the employee is under the regular care and attendance of a physician, the employee's inability by reason of any medically determinable physical or mental impairment, as supported by objective medical evidence, to perform the duties of his or her position.*

*After the first 12 months (long term disability), the employee's complete inability by reason of any medically determinable physical or mental impairment, as supported by objective medical evidence, to engage in any substantial gainful activity for which the employee is reasonably qualified, with due regard to the employee's education, training, and experience. An activity is*

*considered a substantial gainful activity if the earnings from that activity would be at least equal to the gross ICI benefit for the same period of time, excluding the \$75 per month supplement payable to the long-term disability claimant.*

*House confinement shall not be a requirement as a condition of disability, but an employee must be under the regular care and attendance of a licensed physician, other than yourself during the period of disability.*

Objective medical evidence means test results such as blood tests, MRI, CAT scan, X-rays, etc. and physician's notes of regular visits recording the physician's observations of disabling symptoms and conditions. The physician's opinion may rely in part on records of care provided by other medical professionals under the supervision of a physician, including but not limited to nurse practitioners, physician's assistants, midwives, psychologists and psychotherapists (MSSW). The actual certification of disability will need to be provided by the licensed medical doctor, doctor of osteopath or surgeon.

### **REGULAR CARE AND ATTENDANCE**

You must be under the regular care and attendance of a licensed medical doctor, doctor of osteopath, or surgeon licensed to practice by a state within the United States of America. A licensed physician does not include the employee. However, a physician does include other licensed medical professionals, such as a podiatrist, dentist, nurse practitioner, physician's assistant or psychologist who is acting within the lawful scope of his or her license and performs a service which is supervised by a licensed medical doctor, doctor of osteopath or surgeon (note that this last provision is not required for a D.P.M., podiatrist or D.D.S., dentist).

Regular care and attendance means a planned program of observation and treatment requiring the personal attendance of the employee by a physician, which once initiated, is continued in accordance with existing standards of medical practice for the condition or conditions rendering the employee sick or injured.

### **FIRST DAY DISABLED**

The first day disabled can be no earlier than the day after the last day worked, or the date the physician indicates you are disabled according to the plan provisions. At no time can the first date of disability be prior to your last day worked.

### **ELIMINATION PERIOD**

An insured employee qualifies for ICI benefits on the day after which she or he has not worked and has been continuously and totally disabled for the selected elimination period. Incidental work performed during the elimination period by the employee at the employer's request may extend the elimination period. Before performing any work during the elimination period, you should discuss the issue with the third party administrator. In no event can the elimination period begin until the first day disabled.

The elimination period for benefits for an employee who continues to pay ICI premiums and is on an authorized leave of absence shall be the same period the employee would have been required to serve if the employee would have been in pay status at the time disability began.

The elimination period will begin at the effective date of the disability and will continue without a break even if the employee is on a summer, seasonal or semester break from work.

## **BENEFIT PAYMENTS**

Vacation, sick leave, holiday time, and compensatory time paid after the elimination period are offset at 100%. Subject to personnel policies and rules, this time may be used at your discretion. However, if you receive earnings for vacation, sick leave, holiday time, and compensatory time, after the selected elimination period, ICI benefits will not be paid for that period. You and your employer are required to notify the third party administrator of all earnings and benefits received after ICI benefits begin.

The maximum benefit payable is \$4,000 per month for standard coverage. If you enrolled in the supplemental coverage, the maximum benefit payable is \$7,500. For most employees, the amount of ICI benefits payable is based upon WRS reported earnings in the calendar year prior to the first date of disability, rounded to the next higher thousand. When you have served your elimination period ICI benefits are paid for every day of continuing disability, including weekends. The rounded-up annual salary is divided by 12 to obtain the monthly salary and then multiplied by 75% to obtain the monthly benefit amount. Benefits are paid for each calendar day of disability and by 1/30th of the monthly benefit for each day of the benefit period less than one month.

The following is an example of how benefits are calculated:

<b>Previous Year's WRS Earnings</b>	<b>Earnings Rounded Up</b>			<b>Monthly Earnings</b>
\$28,323.16	\$29,000.00	÷ 12	=	\$2,416.67
<b>Monthly Earnings</b>		<b>Monthly Benefit</b>		<b>Daily Benefit</b>
\$2,416.67	X 75%	= \$1,812.50	÷ 30	= \$60.41

If you have had a permanent change in your rate of pay prior to your disability date and that projected annual salary is higher than the previous calendar year, you ICI benefit will be based on the higher projected amount. Benefit payments are made monthly at the beginning of the month for the previous benefit month (i.e. January benefits are paid February 1).

Disability benefit payments will be denied, suspended or terminated if information necessary to determine if benefits are payable is not received within 90 days of the date of the initial request by the third party administrator. You will be notified by the third party administrator of the documentation that is missing. You will be asked to contact your physician (medical) or employer (salary, etc.) for documentation needed in order to pay benefits.

Disability benefit payments will be terminated if medical evidence shows that the employee is capable of performing the duties of his or her own position. If the employee had a medical condition while employed which was accommodated by the employer, and that condition has not significantly changed, that condition is not considered in determining whether the employee is capable of returning to his or her own position.

Checks are mailed through the U.S. Postal Service two calendar days prior to the check date. While most checks arrive on the check date, there may be delays in the mail process which cannot be controlled by the Department or the third party administrator. Direct deposit (ACH) is available for ICI claimants whose benefits are paid for a period of six months or more. To ensure timely receipt of payments, ACH is the preferred form of payment as we must allow the U.S. Postal Service twelve days to deliver a check before a stop payment can be issued and a new check created.

### **LIMITATIONS**

Benefit payments are not available for total disability which begins prior to the effective date of coverage (standard or supplementat) or disability which is:

- The direct result of war, declared or undeclared. The fact of war shall be determined by the Group Insurance Board.
- The direct or indirect result of intentional self-inflicted injury for monetary gain.
- The direct or indirect result of participation in the commission of a crime other than a misdemeanor.
- The direct or indirect result from cosmetic surgery, except for complications thereof.

A condition which is present but not disabling prior to the effective date of coverage is not excluded from benefits.

### **WAIVER OF PREMIUM**

Premiums are waived effective the first of the month following the date benefits begin. (Exception: If benefits begin on the first day of the month, the premium waiver begins on the same day.) The waiver remains in effect as long as you continue to be eligible for benefits. If benefits are terminated because you return to full-time covered employment, premium payments will resume. Also, if you choose to remain on a leave of absence after your disability ceases, you must immediately make arrangements for payment of premium through your employer. Otherwise, coverage will terminate and can be reinstated only after you return to work and reapply for coverage.

### **RETURN TO WORK**

A claimant may return to work with their prior employer given the physician's release to return to work and the employer's ability to accommodate any restrictions imposed. Earnings (including vacation and holidays) paid to a claimant who return to work less than full time will be offset at 75%. Sick leave paid will be offset at 100%. Your part-time earnings will be offset based on the date of your earnings check. For example: your earnings check dated July 1 will be offset from the ICI benefit check dated August 1 (which covers the month of July).

If you are receiving long term ICI benefits, you will be required to provide objective medical evidence on a quarterly basis to continue to substantiate disability. If you are released to return to work and your employer can accommodate your restrictions, if any, and you do not return, benefits will be reduced by your estimated earnings or terminated.

If your physician releases you to return to work part time but you choose not to, your ICI benefit will be offset by an estimated offset. The offset will be calculated by taking the number of hours released to work times the hourly rate in effect at the time you became disabled.

If you return to part time employment with your prior employer and do not work the number of hours

your physician released you to return to work, your ICI benefit may be offset by an estimated offset. The estimated offset will be calculated by the number of hours you were released to return to work times your current hourly rate of pay which may be greater than the hourly rate in effect at the time you became disabled.

If you are unable to work the number of hours your physician released you to work because of your medical condition, you should contact your physician to discuss your inability to work those hours. Your physician will need to amend your restrictions. It is extremely important that your medical records reflect that change for benefit payment purposes.

### **REHABILITATIVE TRAINING**

Rehabilitative training may be approved if, because of disability, you can no longer perform your previous occupation but with proper training and education could be capable of performing other gainful activities. A gainful activity is one which would provide an income equal to or greater than the gross ICI benefit excluding the \$75 per month supplement; payable to long term disability recipients. Expenses, such as tuition or text books associated with an approved rehabilitation program may be paid by the ICI program in addition to regular benefits if rehabilitation expenses are not payable from other sources. If you have a rehabilitation plan that was approved by the Wisconsin Division of Vocational Rehabilitation (DVR) you need to contact the ICI third party contract administrator and provide them with a copy of your approved plan. You will need to sign a release allowing the ICI program access to your pre-approved plan. If DVR is unable to provide rehabilitative services, the ICI plan may have a rehabilitation vendor assist with establishing a rehabilitative plan that will return you to gainful employment. Rehabilitation may include higher education, vocational training, part-time return to prior position, job counseling, on-the-job training or retraining. Rehabilitative plans must be in writing and include specific goals and dates for meeting those goals which are agreed to by the claimant and approved in advance by the Department of Employee Trust Funds.

As an incentive to return to work, only 75% of earnings from approved rehabilitative employment apply to the reduction of your ICI benefits. Sick leave paid after returning to work reduces the benefit amount dollar-for-dollar at the time paid. Earnings from unapproved rehabilitative employment will reduce your ICI benefit amount dollar-for-dollar (100%). The offset for the rehabilitative earnings are based on the date of the earnings check.

Example:

Monthly Income Continuation Insurance Benefit		\$2,416.67
Less: Rehabilitative Earnings	\$1,000.00	
Offset Reduced to 75%	<u>x 75%</u>	<u>750.00</u>
Net Monthly Income Continuation Insurance Benefit		\$1,666.67
Plus Rehabilitative Earnings		<u>\$1,000.00</u>
Total Monthly Income		\$2,666.67

In certain approved programs, all or part of rehabilitative earnings may be authorized without any reduction in the ICI benefit to a limit of nine months. ETF will apply the following guidelines in determining whether the waiver is appropriate:

- The third party administrator and/or ETF will review the claimant’s job related expenses that are incurred due to the claimant’s medical condition, which are over and above the normal expenses, and are not covered by other sources. The claimant must receive prior approval from ETF before waiving the offset of earnings because of the claimant's medical condition.

- The third party administrator or ETF will only consider expenses directly related to accommodating a claimant's needs in getting to work and/or having an appropriate work station. Such expenses must be thoroughly documented. Items such as child care, gasoline, bus fare, etc., will not be considered covered job related expenses.
- The ICI plan will require appropriate documentation (receipts, tax returns, etc.) to support all expenses claimed. Any expenses for a caregiver will be considered only if the care is provided by a properly trained caregiver and approved in advance by ETF.

*If a claimant is determined to be physically and mentally capable of rehabilitative training but refuses to participate in such a program or does not work the number of hours indicated by the physician, or substantiated by the objective medical evidence or an independent medical examination authorized under the ICI plan, the Department may authorize the termination or suspension of disability benefit payments or may authorize the offset (reduction) of benefits by the amount of earnings that could have been received if engaged in rehabilitative employment.*

## **REASONABLE ACCOMMODATIONS UPON RETURN TO WORK**

Under the Americans with Disabilities Act, federal law requires employers to make reasonable accommodations for individuals with disabilities who are qualified to perform the essential functions of a job. Check with your employer, or prospective employer, for information on "reasonable accommodations." ICI benefits will not be paid if a claimant no longer meets the definition of disability, even if an employer is unable to make reasonable accommodations.

## **TAXABLE BENEFITS**

Generally, as the percentage of the total premium paid by the employer increases, there is a corresponding increase in the percentage of benefits which is considered taxable income to you. The taxable portion is based on an average of the premium percentage paid by the employer over the three years prior to the year in which ICI benefits are first paid. If a portion of the ICI benefit is based on the supplemental coverage, you are required to pay the entire premium. Therefore, that portion of the benefit is not taxable income. However, there have been many recent changes in the tax laws and the interpretation of the revenue code. You should consult both state and federal tax authorities for answers to specific questions concerning the exclusion or inclusion of such benefit payments as taxable income.

The following is an aid for you in selecting an elimination period for the ICI plan:

<u>Elimination Period</u>	<u>Employer Paid %</u>
30 days	33%
60 days	42%
90 days	50%
120 days	63%
180 days	100%

The employer paid percentage, and resulting tax liability, will vary if your employer has agreed to pay a larger share of the premiums than the minimum employer contribution requirement.

The third party administrator will automatically withhold Federal income tax from the taxable portion of a benefit at the rate of 25%. If you wish to change the amount of Federal tax withheld, you may submit Form W-4S or W-4, which is available from the IRS, to the third party administrator.

Wisconsin State income tax will only be withheld from a taxable ICI benefit if you submit the Wisconsin withholding exemption form WT-4. It is available from the Wisconsin State Department of Revenue.

FICA: Social Security regulations provide that any income received from a sickness or disability plan during the first six months of a disability is subject to withholding for Social Security contributions if the employer has paid a portion of the premiums. The percent of the benefit subject to Social Security contributions equals the percent of the gross premium paid by the employer. Any ICI benefits you receive during the first six months of disability will reflect this deduction for Social Security contributions unless your WRS employment is terminated and you are approved for a 40.63 disability annuity.

### **HOW AND WHEN TO FILE A CLAIM**

You may initiate a claim by calling the third party administrator at 1-800-960-0052 or by completing an ICI claim form (ET-5352) and submitting it directly to the Department. Telephone filing is encouraged.

A claim (either claim form ET-5352 received by ETF or through telephone initiated with the third party administrator) must be filed by you or your representative. A claim form, paper or telephonic, received more than 12 months from the first date of disability as determined by the third party administrator will be denied. In no event will benefits be payable for the period which is more than 90 days prior to the date of the claim receipt. You may submit a claim up to 30 days prior to the last day worked; however, no benefits will be payable until after the last day worked based on the first date of disability determined by the third party administrator and subject to meeting all of the ICI plan provisions.

Upon filing or receipt of your claim, the third party administrator will send you an introductory packet including a medical release, an ICI and/or LTDI Repayment Agreement and claims processing information. Please sign and return the medical release promptly to the third party administrator and to your treating physician(s). The signed ICI and/or LTDI Repayment Agreement must be returned to ETF.

After filing your claim the third party administrator will send your employer an *Income Continuation Insurance (ICI) Employer Statement* (ET-5351).

#### You:

- Estimate, with advice from your attending physician, whether the disability will continue beyond your selected elimination period.
- File your claim.
- Complete and return the medical release form.
- Complete and return the signed ICI and/or LTDI Repayment Agreement.
- Ensure the third party administrator and your physicians receive all your medical release form(s).

#### Your Physician (M.D. or D.O.):

- Provides medical information concerning your disability to the claims administrator. Your physician will periodically be asked by the claims administrator to complete supplemental medical forms called *Attending Physicians Statement* (APS and FCE). **Cost for medical exams and copies of the medical records are your responsibility.**

### Your Employer:

- Completes the *Income Continuation Insurance (ICI) Employer Statement* (ET-5351) which they will receive directly from the third party administrator.
- Returns the employer statement directly to ETF. ETF will transmit the employer statement to the third party administrator for processing.

## **REDUCTION OR TERMINATION OF BENEFITS**

Benefits are reduced or terminated for the following reasons:

### **Vacation, holiday or compensatory pay after the elimination period.**

Benefits will be reduced at the rate of 100% for any vacation, holiday or compensatory pay you receive after your elimination period. If you have returned to work at a lesser appointment than your pre-disability appointment and you are paid earnings for vacation, holiday or comp. time, your ICI benefit is reduced by 75% of those earnings based on the date of the earnings check.

### **Return to full time employment.**

Benefits are payable up to the date of return, or up to the date the medical evidence indicates you are capable of returning to work full time. Except for claimants participating under approved rehabilitation programs, a return to **full time** employment will mean the ability to perform your normal work schedule for 14 consecutive calendar days if you have been disabled less than 12 months, or for 6 months if you have been disabled more than 12 months.

### **Return to part time employment.**

Benefits will continue on a reduced basis if return to part time employment is approved as rehabilitative training. Please see the sections on *Return To Work* or *Rehabilitative Training* for further details. If you return to work for an employer who does not participate in the WRS, it is your responsibility to provide the ICI program with full documentation of your earnings.

### **Estimated part time wages.**

If the medical evidence indicates you are capable of working part time, but you do not return to work, the ICI benefit will be reduced by an estimated earnings offset. Please see the sections on *Return to Work* and *Rehabilitative Training* for further details.

### **Termination of disability.**

When the objective medical evidence does not substantiate continued disability, or you are determined to be no longer disabled from your position by your own physician or through an independent medical exam, or you are released from direct care, or you are told you are able to return to work by a physician, benefits are payable only up to the date of such release even though you do not return to work immediately for personal or other reasons.

### **Death.**

Benefits are only payable through the date of death. There are no survivor benefits.

**Maximum duration of benefits.**

Generally, benefits are payable only through the end of the month in which you turn age 65. However, the length of time benefits are payable will depend on your age at the time you become disabled. The maximum duration of benefits for disabled insured employees is the end of the month in which the following occurs:

<u>Age at Disablement</u>	<u>Maximum Time Benefits Are Paid</u>
61 or younger	To age 65
62	3.50 years
63	3.00 years
64	2.50 years
65	2.00 years
66	1.75 years
67	1.50 years
68	1.25 years
69	To age 70

In no event are benefits payable beyond the end of the month in which you turn age 70.

**Nonduplication Provision.**

Benefits are reduced by the gross amount of disability, retirement, separation, or other income replacement benefits which are paid or payable from other Wisconsin Retirement System, Social Security Administration or employer sponsored sources. You must apply, reapply or pursue all other benefits which you might be eligible to receive. If you fail to complete the process, your ICI benefit will be offset by an amount payable to you. ICI benefits will be reduced by the largest benefit you could receive from another source, even though you might choose an option that pays a reduced benefit. When you complete an application for ICI benefits you are assigning your right to benefits you could receive from other sources. Other benefit sources include, but are not limited to:

- Social Security (regular or disability)
- Worker’s Compensation (except PPD or PTD)
- Wisconsin Retirement System (retirement, disability retirement or separation, including lump sums based on the straight life annuity amount)
- Long-Term Disability Insurance (LTDI)
- Unemployment Compensation
- Earnings including self-employment

It is important that you apply for and complete the process to obtain other benefits when requested as some of the other income sources have specific time lines to be followed in order to be eligible for the benefit. The ICI plan requires you to apply for and complete the process to obtain any other benefits. Some of these benefits continue to be paid after the ICI benefit is no longer payable or the combination of the other benefits may exceed your ICI benefit.

You are not required to apply for a benefit that will be reduced because of your age. If you are under the normal retirement age for your employment category, you are not required to apply for a regular retirement benefit from the WRS. If you do receive a retirement benefit, your ICI benefit will be reduced by the straight life annuity amount. If you receive a reduced Social Security benefit, your ICI benefit will also be reduced by the reduced amount you receive.

If you are no longer eligible for a disability benefit from the WRS or SSA, and you are over the age for which the other income monthly amount is reduced, you will be required to apply for the retirement benefit. Your ICI benefit will be reduced by the amount received or the amount payable to you.

**NOTE:** You will be required to repay any benefits received or are eligible for which cover the same time period as your ICI benefits. If you receive other benefits, it is prudent not to spend them until the ICI amount to be repaid is provided to you by the claims administrator. The ICI and/or LTDI Repayment Agreement explains that ETF or the TPA may begin paying a benefit to you with the understanding that if income from any other sources are paid or payable to you, that you will repay ETF 100% of the gross benefits or income. You will also be notified that ETF or the TPA may intercept any benefit payments from the other sources.

**Disabilities lasting more than 12 months.**

Benefits will terminate after you have been disabled for a period of 12 months if you are then capable of performing other substantial gainful work activities. This does not mean you have to return to your previous job. See *Disability Definitions* and *Rehabilitative Training* for further information.

**Failure to comply.**

Benefits may be suspended or terminated if you fail to furnish required information within 90 days of the date of the initial request or if you do not otherwise cooperate in meeting the plan requirements. (Examples: failure to obtain updated medical information from your physician; or, in the event there is a question concerning the extent of your disability, refusing to be examined by a physician selected by the third party administrator.)

## **INCOME REPORTING REQUIREMENTS**

An employee who is applying for or receiving ICI disability benefits is responsible for reporting to the ICI program the starting date(s) and starting amount(s) of payment received from any source, including but not limited to:

- Social Security
- Worker's Compensation (including benefits payable under Wis. Stat. § 40.65, § 230.36 or § 66.191)
- Unemployment Compensation
- Sick leave, vacation, holiday pay, and/or compensatory time paid after the elimination period
- Part time or full time employment
- Rehabilitation training or trial work
- Wisconsin Retirement System (disability, regular retirement, lump sum or separation benefit)
- Long-Term Disability Insurance (LTDI)
- Employer liability law award
- Occupational disease law award
- Other salary continuation program sponsored or sanctioned by your employer including any plan whose premiums are paid or collected via payroll deduction.

The Social Security offset to the ICI benefit will be based on the original award. Any cost of living adjustments will not affect your ICI benefit. The LTDI offset will be based on the initial gross benefit amount while the Wisconsin Retirement System disability offset will be based on the initial straight life annuity amount, regardless of the option you selected.

## **ANNUAL STATEMENT OF EARNINGS**

After the first year of ICI benefits, you will be required to complete and return to ETF the *Annual Statement of Earnings* (ET-5905) which is normally sent out by the third party administrator March 1. You are to report all earnings, except for your ICI or WRS disability payments, for the prior calendar year. These statements are due April 30. Failure to comply could result in suspension and subsequent termination of your ICI benefits.

## **WAIVER OF OFFSET FOR ATTORNEY OR SOCIAL SECURITY ADVOCATE**

When Social Security benefits have been initially denied, and it appears an appeal would be successful, you will be required to pursue the appeal through the hearing level. The ICI program may provide a Social Security advocate or facilitator to assist you in the appeal process. You are required to cooperate with the Social Security advocate or facilitator to avoid suspension or termination of your ICI benefits.

The ICI program does not require you to obtain an attorney to assist you in obtaining Social Security benefits. However, if you do decide to obtain an attorney and you win your appeal, the ICI program will not consider the attorney fees as approved by the Social Security Administration as a reduction to the ICI benefit. Documentation of SSA approval of such fees must be provided to the ICI plan.

## **ADMINISTRATIVE REVIEW PROCESS**

If you do not agree with a decision or determination made by the third party administrator, you have the right to request, in writing, that the third party administrator reconsider the determination. The third party administrator must receive your request for reconsideration within 90 days of the date of the initial determination letter. With the reconsideration request you must specifically state how you believe the administrator erred in interpreting the plan provisions. Provide the third party administrator with any and all documentation relevant to the claimed disability and your position regarding the determination. This may include such things as medical records and/or letters from the health care providers involved in your treatment.

The third party administrator may request additional information from you or your health care providers after receiving your request for reconsideration. After reviewing all of the new and original information, the administrator will send you a letter which contains the reconsidered decision. If you do not agree with the decision at the reconsideration level of the appeal process, you have the right to request a Departmental Determination from ETF. Your written request must be received by ETF within 90 days of the date of the reconsideration letter.

If you request a Departmental Determination, ETF will determine if the administrator erred in its decision. The Department does not make independent medical evaluations, but relies upon the medical records/notes and the review performed by the medical consultants in order to make a determination.

If you do not agree with the Departmental Determination, and you wish to pursue the matter further, within 90 days of the date of the Departmental Determination letter you must appeal in writing. The written appeal request must be received by the Appeals Coordinator within 90 days of the date of notice. At the appeal level you will have the opportunity to testify at a hearing that will be conducted by a hearing examiner. You will also have the opportunity to bring witnesses to the hearing. These witnesses may include health care providers you would like to have testify on your behalf. The hearing examiner will then make a recommendation to the Group Insurance Board based on the testimony and exhibits. The Group Insurance Board will render the final decision.

If you or ETF do not agree with the Group Insurance Board's decision, either party may appeal to circuit court.

## **BOOKLETS AND FORMS**

Booklets and forms are periodically revised. Please contact your employer or ETF to determine if an updated version of the form or booklet you are interested in is available.

*Every effort has been made to ensure that the information in this booklet is accurate. If the information in this booklet should conflict with the law, contract or plan language, the law, contract or plan language must be followed. You may obtain a copy of the plan by writing to:*

Department of Employee Trust Funds  
PO Box 7931  
Madison WI 53707-7931

**ALWAYS INCLUDE YOUR NAME, SOCIAL SECURITY NUMBER OR MEMBER ID,  
AND DATE OF BIRTH ON ALL CORRESPONDENCE  
TO THIS DEPARTMENT.**

*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) 266-3285. We will try to find another way to get the information to you in a usable form.*

To file an ICI claim call Aetna: 1-800-960-0052

Contact the Department of Employee Trust Funds

Self-Service Toll Free Telephone Services

Available 24 hours a day, seven days a week. You must have a touch-tone telephone to use these systems.

**SELF-SERVICE LINE:** Call 1-877-383-1888 or (608) 266-2323 (local Madison) to request forms or brochures. Wisconsin Retirement System annuitants may also change their home mailing address or tax withholding election through this self-service line.

**TELEPHONE MESSAGE CENTER:** Call 1-800-991-5540 or (608) 264-6633 (local Madison) to hear detailed recorded messages covering a variety of Wisconsin Retirement System topics.

**Note:** *You will not be able to talk to a "live" person using these systems. To speak to a benefits specialist, call the telephone numbers listed below.*

Visit our Internet Site

Access the Internet site at: [etf.wi.gov](http://etf.wi.gov). A tremendous amount of information is online regarding the Wisconsin Retirement System and other benefit programs. You may e-mail the Department through this site.

Call During Office Hours

**Office Hours:** 7:45 am to 4:30 pm, Monday through Friday  
except holidays)

**Telephone:** 1-877-533-5020 (toll free)  
(608) 266-3285 (local Madison)  
Wisconsin Relay Service (for hearing & speech impaired)  
7-1-1 or  
1-800-947-3529 (English)  
1-800-833-7813 (Spanish)

Write Us

Department of Employee Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931

Visit Us

**Appointments:** 1-877-533-5020 ext. 65717 (toll free)  
(608) 266-5717 (local Madison)

**Madison:** **An appointment is recommended**  
801 West Badger Road

**Waukesha:** **An appointment is required**  
141 N.W. Barstow Street, Rm. 411