



State of Wisconsin  
Department of Employee Trust Funds  
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## Correspondence Memorandum

**Date:** August 17, 2017  
**To:** Employee Trust Funds Board  
**From:** Deb Roemer, Director  
Benefit Services Bureau  
Division of Retirement Services  
**Subject:** Disability Program Redesign-UPDATE

**This memo is for informational purposes only. No Board action is required.**

This memo is to update the Board on the activities related to the redesign of the disability benefit plans offered to eligible Wisconsin Retirement System (WRS) employees. The goal of the redesign effort is to streamline the administration of disability benefits, reduce duplication and reduce complexity and confusion for employers and employees.

**Long-Term Disability Insurance (LTDI):** At its September 29, 2016, meeting the Board approved a proposal to close the LTDI program to new claims and reopen the 40.63 Disability Annuity program. These changes are slated to occur on January 1, 2018. Our ongoing activities are focused on making necessary changes to the 40.63 and LTDI administrative rules, making changes to ETF's Benefit Payments System (BPS) in order to facilitate the runout of existing LTDI claim payments, and developing communications strategies for affected stakeholders.

- 1. Administrative Rule Changes.** The final administrative rule was approved by the Governor on August 9, 2017. On August 10, 2017, the final rule was submitted to the Senate and Assembly for legislative review. It is anticipated that legislative review should be completed by mid to late October at which point ETF can begin final promulgation for a January 1, 2018 effective date.
- 2. BPS System Changes.** Staff from the Disability Programs Section (DPS), the Division of Retirement Services, Division of Trust Finance and the Applications Development Section, using previously developed testing scenarios, have begun testing of the LTDI user interface and payroll processes. Active claims data has been forwarded to ETF by the current LTDI administrator, Aetna, and is being used for testing. DPS staff have also

Reviewed and approved by Matt Stohr, Administrator  
Division of Retirement Services

Electronically Signed 9/12/17

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begun development of an internal LTDI database that will be used to assist with the payment of LTDI claims through BPS and making annual supplemental contributions.

3. **Communications.** DPS staff have held meetings with internal business units and based on this feedback have developed an internal frequently asked questions document for ETF staff about the upcoming changes. DPS has also identified relevant publications, letters, and pages on ETF's external and internal internet sites that will require updates. Such updates include revisions or deletions of existing documents, special communications to claimants, and the timing of those changes.

**Income Continuation Insurance (ICI):** At its February 8, 2017 meeting, the Group Insurance Board (GIB) approved modifications to the ICI program. The modifications were developed as a response to the growing actuarial deficit in the State ICI program and as part of the overall disability benefit system overhaul.

Additionally, at its February 8, 2017, meeting, the GIB approved moving oversight of the ICI program to the ETF Board. Consolidating the oversight of all of ETF's disability programs under one board was discussed at the December 15, 2016, meeting of the ETF Board.

Both of these changes to the ICI program will require statutory changes. ETF staff have been working with the Legislative Reference Bureau on draft legislation for introduction to the Legislature.

The GIB also approved at its February 8, 2017, meeting an amendment to the third party administrative contract with Aetna to administer the ICI and LTDI plans to grant two additional one-year contract extensions in order to provide for a stable administration of benefits while the changes to the LTDI and ICI programs are developed. DPS staff have developed amended contract language and is in discussions with Aetna to finalize the contract extension.

Please contact Deb Roemer at (608) 266-5387 or [deb.roemer@etf.wi.gov](mailto:deb.roemer@etf.wi.gov) if you have comments or questions.

Staff will be at the Board meeting to answer any questions.