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## Correspondence Memorandum

**Date:** May 24, 2018  
**To:** Employee Trust Funds Board  
**From:** Jim Guidry, Director  
Benefit Services Bureau  
**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 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):** On January 1, 2018, the LTDI program was closed to new claims and the 40.63 Disability Annuity program was reopened to all eligible WRS employees. ETF's Benefit Payments System (BPS) took over the payment of existing LTDI claims on February 1, 2018.

- LTDI Claims.** There are approximately 72 pending claims (filed prior to the program closure) remaining to be processed at the time this memo was prepared. Aetna is responsible for processing these remaining claims to final determination. There are currently 2,418 open and 2 suspended LTDI claims.
- BPS System Changes.** Staff have developed changes to the BPS system that have enabled the annual benefit adjustments to be ingested from existing in-house data. The annual adjustments were effective on April 1 of each year and benefit amount payment changes were paid on May 1, 2018. This process was previously performed by Aetna and was transitioned to an ETF process in 2018.
- Administrative Functions.** ETF and Aetna continue working to transition LTDI-specific administrative functions to ETF. ETF has transitioned administrative functions relating to LTDI payment offsets and LTDI recipient deaths, and completed transitioning the above-mentioned annual benefit update process. Also, ETF has completed testing the calculation of annual supplemental WRS contribution benefits for eligible LTDI recipients and will assume this

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

Electronically Signed 6/11/18

Board	Mtg Date	Item #
ETF	6.21.18	5D

function when the contributions for 2018 are calculated in January of 2019. There are six remaining administrative functions that will be transitioned to ETF before the end of the year.

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

Modifying the ICI program structure and moving program oversight to the ETF Board will require changes to Wisconsin statutes. ETF, working with the Legislative Reference Bureau, has finalized draft legislation to enable the redesign of the ICI program to begin. The changes were not acted on by the legislature before the 2017-2018 session ended. ETF is currently focusing on action for the 2019-2020 session which begins in January 2019.

In order to provide stable benefits administration while the changes to the LTDI and ICI programs are implemented, the GIB also approved an amendment to the third party administrative contract with Aetna to grant two additional one-year contract extensions through 2019. ETF is currently in discussions with Aetna regarding the extension for 2019.

Please contact Jim Guidry at (608) 266-5387 or [jim.guidry@etf.wi.gov](mailto:jim.guidry@etf.wi.gov) if you have comments or questions.

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