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Correspondence Memorandum

Date: February 28, 2020

To: Employee Trust Funds Board
 Teachers Retirement Board
 Wisconsin Retirement Board

From: Anne Boudreau, Deputy Administrator
 Division of Retirement Services

Subject: October – December 2019 Quarterly Disability Annuity Statistics


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

Attached is the Wisconsin Retirement System (WRS) *2019 Fourth Quarter Disability Benefit Statistical Report* for the period October 2019 through December 2019. The report provides quarterly data on benefit payments, the number of annuities started, options selected, gender, determination, age, and disability type.

We appreciate any feedback or suggestions you may offer for future inclusion in this report. Please contact disability section staff at (608) 261-0151 or erinm2.esser@etf.wi.gov if you have comments or questions.

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

Attachment: 2019 Fourth Quarter Disability Statistical Report

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services

 Electronically Signed 3/5/20

Board	Mtg Date	Item #
ETF	03.26.20	6L

Benefit Services Bureau

2019 Fourth Quarter Disability Benefit Statistical Report



February 28, 2020

Introduction

The Department of Employee Trust Funds reviews and approves disability claims and provides quarterly reports to the appropriate board. The *2019 Fourth Quarter Disability Benefit Statistical Report* provides a statistical review of the Disability Annuity (40.63), Duty Disability (40.65), and Long-Term Disability Insurance (LTDI) programs for the months of October, November, and December 2019. This report provides a review of benefit payments, the number of individuals receiving benefits, and other demographic data. As indicated by the data presented below, the number of active 40.63 claims continue to increase this quarter in response to the reopening of the 40.63 program in 2018. The number of active 40.65 claims increased slightly. Annual trends and data are included in the annual report, which is typically presented at the first Board meeting of each year.

The Group Insurance Board approved ETF’s proposed changes to the Income Continuation Insurance (ICI) program statutes at its February 8, 2017, meeting. However, the proposed changes have not yet been realized. ETF continues to evaluate legislative and non-legislative options to support the ICI redesign effort.

Disability Benefit Payments

Table 1.1 shows the monthly totals of benefit payments made during the fourth quarter of 2019 for the 40.63, 40.65, and LTDI programs. Table 1.2 shows the total number of active claimants each month by program. There is a decline in both LTDI benefit payment totals and the number of active LTDI claimants due to the closure of the program to new claims in January 2018.

Compared to the fourth quarter of 2018, disability annuity (40.63) benefit payments have increased by 0.2%, duty disability (40.65) totals increased by 4.8%, and LTDI benefit payment totals decreased by 9.3%.

Table 1.1. Disability benefit payment totals (40.63, 40.65, and LTDI)

Program	Oct 2019	Nov 2019	Dec 2019	4 th Qtr 2019*	4 th Qtr 2018*
40.63	12,235,467	12,250,828	12,343,985	36,830,280	36,762,399
40.65	3,004,095	3,195,161	3,016,062	9,215,318	8,795,069
LTDI	3,168,516	3,097,133	3,080,807	9,346,455	10,301,087

*Quarterly totals may not equal the sum of monthly figures due to rounding

At the beginning of 2019, there were 6,302 disability annuitants, 1,024 claimants receiving duty disability, and 2,290 claimants receiving LTDI benefits. Table 1.2 shows the number of active claimants receiving 40.63, 40.65, and LTDI benefits in the fourth quarter of 2019.

Table 1.2. 40.63, 40.65, and LTDI active claimants

Program	Oct 2019	Nov 2019	Dec 2019
40.63	6,358	6,360	6,374
40.65	1,021	1,025	1,026
LTDI	2,129	2,109	2,091

§ 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates requested and completed in the fourth quarters of 2018 and 2019.

After an initial rush at the end of 2017, the number of disability annuity estimate requests have stabilized in the wake of the 40.63 program reopening. The number of estimates requested increased by 6.3% compared to the fourth quarter of 2018, and the number of estimates completed increased by 3.8% compared to the same period in 2018. It should be noted that the fourth quarter 2019 estimates still represent a 343% (for requested) and a 422% (for completed) increase from third quarter 2017, when fewer participants were eligible for the program.

Table 1.3. 40.63 estimates requested and completed 2018-2019

	Oct	Nov	Dec	4 th Quarter
2019 Disability Estimates Requested	70	54	62	186
2018 Disability Estimates Requested	66	59	50	175
2019 Disability Estimates Completed	84	42	67	193
2018 Disability Estimates Completed	72	61	53	186

In 2017, prior to the closure of LTDI and the reopening of 40.63, there were 89 new applications for the 40.63 program. In 2018, there were 350 applications received, representing a 293% increase in application volume. The number of applications received in the fourth quarter of 2019 (91) is slightly more than fourth quarter of 2018 (77), and the numbers remain above 2017 levels as predicted.

§ 40.63 Benefit Determinations

There were 17 TR Board disability claim determinations in the fourth quarter of 2019. Of those, 14 claims were approved, two were canceled, and one was denied. By comparison, there were 10 claim determinations for the same period in 2018, with eight claims approved and two canceled. This represents a 70% increase in TR claim determinations from the same period in 2018.

There were 60 WR Board disability claim determinations in the fourth quarter of 2019. Fifty-six applications were approved, two were cancelled, and two were denied. Additionally, one claim this quarter was approved as a rescinded denial. The number of claim determinations in the fourth quarter of 2019 represents a 22% increase from the 49 WR Board disability claim determinations in the same period in 2018.

Tables 1.4 and 1.5 show the breakdown of disability claim determinations by age. The greatest number of TR Board claims are concentrated in the 46-60 age range, but claims have been extending into younger age ranges now that the program is available to all eligible employees. The WR Board claims have also extended into to younger age ranges, though claims remain concentrated in the 51-60 age range.

Table 1.4. TR Board claim determinations by age

Age	Oct	Nov	Dec	4 th Qtr 2019	4 th Qtr 2018
36-40	1	0	3	4	0
46-50	1	2	1	4	6
51-55	1	1	3	5	3
56-60	3	1	0	4	1
TOTAL	6	4	7	17	10

Table 1.5. WR Board claim determinations by age

Age	Oct	Nov	Dec	4 th Qtr 2019	4 th Qtr 2018
31-35	0	0	0	0	2
36-40	0	0	0	0	5
41-45	2	1	1	4	5
46-50	4	3	6	13	4
51-55	5	5	7	17	10
56-60	5	3	6	14	17
61-65	8	3	1	12	6
TOTAL	24	15	21	60	49

Tables 1.6 and 1.7 show the breakdown of fourth quarter 2019 disability claim determinations by disability type. TR Board claim disability types consisted primarily of cancer (24%), multiple medical problems (24%), and mental illness (18%). WR Board claims consisted primarily of cancer (22%), multiple medical problems (18%), and neurology (13%).

Table 1.6 TR Board disability claim determinations by disability type

Disability Type	Oct	Nov	Dec	4 th Qtr 2019	4 th Qtr 2018
Cancer	1	2	1	4	2
Cardiovascular	0	0	1	1	1
Hearing Disorder	0	0	1	1	0
Mental Illness	2	1	0	3	0
Multiple Medical Problems	2	1	1	4	3
Muscle/Tissue	0	0	1	1	0
Nephrology	0	0	0	0	1
Neurology	0	0	2	2	3
Orthopedic	1	0	0	1	0
TOTAL	6	4	7	17	10

Table 1.7 WR Board disability claim determinations by disability type

Disability Type	Oct	Nov	Dec	4 th Qtr 2019	4 th Qtr 2018
Brain Injury	1	1	0	2	1
Cancer	4	3	6	13	3
Cardiovascular	1	0	2	3	2
Diabetes	1	0	0	1	0
Eye Disorders	0	1	0	1	3
Gastro/Intestinal	0	0	1	1	0
Hearing Disorder	1	0	0	1	0
Mental Illness	3	1	1	5	6
Multiple Medical Problems	3	4	4	11	12
Multiple Sclerosis	1	0	0	1	1
Muscle/Tissue	3	0	2	5	2
Nephrology	0	0	0	0	1
Neurology	3	3	2	8	4
Orthopedic	3	0	2	5	12
Other	0	1	1	2	0
Respiratory	0	1	0	1	2
TOTAL	24	15	21	60	49

§ 40.63 Benefits Started

There were nine Teachers Retirement (TR) Board annuities started in the fourth quarter of 2019. Seven of these (78%) were for female claimants, and two (22%) were for males. In the fourth quarter of 2018, there were also nine TR Board annuities started; 44% for female claimants and 56% for male claimants.

Table 1.8 shows the breakdown of annuity options selected by new annuitants.

Table 1.8. TR Board annuities started by option selected

Option	Oct	Nov	Dec	4 th Qtr 2019	4 th Qtr 2018
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	1	0	2	3	2
Life Annuity with 60 Payments Guaranteed	0	0	0	0	1
For Annuitant's Life Only	0	0	0	0	1
Life Annuity with 180 Payments Guaranteed	0	1	0	1	3
75% Continued to Named Survivor (Joint Survivor)	0	1	0	1	1
100% Continued to Named Survivor (Joint Survivor)	0	1	3	4	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	1	3	5	9	9

There were 62 Wisconsin Retirement (WR) Board annuities started in the fourth quarter of 2019, compared to 55 WR Board annuities started in the same period in 2018. WR Board annuities in this quarter were made up of 35 female annuitants (56%) and 27 male annuitants (44%). In 2018, new WR Board annuities were split between 24 female (44%) and 31 male (56%) annuitants.

Table 1.9 shows the breakdown of options selected by new WR Board annuitants.

Table 1.9. WR Board annuities started by option selected

Option	Oct	Nov	Dec	4 th Qtr 2019	4 th Qtr 2018
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	8	8	11	27	23
Life Annuity with 60 Payments Guaranteed	0	0	0	0	8
For Annuitant's Life Only	5	6	5	16	5
Life Annuity with 180 Payments Guaranteed	3	3	2	8	9
75% Continued to Named Survivor (Joint Survivor)	2	1	2	5	5
100% Continued to Named Survivor (Joint Survivor)	3	2	1	6	4
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	1
TOTAL	21	20	21	62	55

§ 40.65 Duty Disability

In the fourth quarter of 2019, two duty disability claims were approved, and two duty disability claims were denied.

Duty disability benefits were started for seven claimants in the fourth quarter of 2019, compared with five claims started in the same period in 2018. Table 1.10 shows the breakdown of fourth quarter 2019 duty disability claims by disability type. None of the claims started in the fourth quarter of 2019 was approved under the presumptive statutes. No duty disability death benefits were started during this period.

Table 1.10 Duty Disability benefits started by disability type

Disability Type	Oct	Nov	Dec	4 th Qtr 2019	4 th Qtr 2018
Heart	0	0	0	0	1
Musculoskeletal	4	1	0	5	1
Psychiatric	1	1	0	2	3
TOTAL	5	2	0	7	5

LTDI

As noted above, the Long-Term Disability Insurance (LTDI) program was closed to new claims on January 1, 2018. At that time, there were 2,548 claimants receiving LTDI benefits.

Fifty-two claims were closed in the fourth quarter of 2019, including 12 deaths, two that were terminated because their benefit was completely offset by their WRS benefit, and one that was terminated because the medical recertification indicated that the claimant was no longer disabled. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65. There were 2,079 open LTDI claims and 16 suspended LTDI claims at the end of the quarter.

Forty-six claims are expected to reach their maximum duration dates and be closed during the first quarter of 2020.