



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
 Robert J. Conlin  
 SECRETARY

Wisconsin Department  
 of Employee Trust Funds  
 PO Box 7931  
 Madison WI 53707-7931  
 1-877-533-5020 (toll free)  
 Fax 608-267-4549  
 etf.wi.gov

***Correspondence Memorandum***

**Date:** March 1, 2021

**To:** Employee Trust Funds Board

**From:** Jim Guidry, Director  
 Benefit Services Bureau  
 Division of Retirement Services

**Subject:** Disability Programs and Redesign Update

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


This memo is to update the Board on current actions related to the disability programs available to eligible Wisconsin Retirement System (WRS) employees and the status of the Department of Employee Trust Funds' (ETF) disability program redesign project. 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)**

ETF prepared a package of administrative rule changes that amends and removes administrative code language rendered obsolete by the closure of the Long-Term Disability Insurance program. Those changes received the Governor's approval on July 31, 2020. At the time this memo was prepared, the rule was in the legislature for review.

Annual LTDI supplemental contributions were prepared in January. A total of 1,666 claims received annual supplemental WRS contributions totaling \$5,451,038.76. LTDI claimants receive a contribution to their WRS accounts of 7% of their annual LTDI salary amount until the claim closes or the claimant files for their WRS retirement or separation benefit, whichever occurs first.

As of the date of this memo, there were 1,833 open or suspended (1 suspended claim) LTDI claims, down from 2,080 at the beginning of 2020. The number of open or suspended LTDI claims at the end of 2020 was 1,867.

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services  
  
 Electronically Signed 3/9/21

Board	Mtg Date	Item #
ETF	03.25.21	6G

### **Income Continuation Insurance (ICI)**

ETF and Milliman recommended design changes to the State ICI program that addressed declining enrollment, attempted to lower premiums, reduced the actuarial liability, and reduced the complexity and administrative burdens of the program. In light of feedback received on the original ICI redesign package, ETF revised its proposal and prepared legislative changes that would decouple sick leave from the state ICI program and replace it with an elimination-period based program resembling the local ICI program. Currently sick leave balances play a part in determining state employee ICI premiums, and University of Wisconsin (UW) and state employees are required to exhaust up to 130 days of sick leave before ICI benefits can begin. The statute changes would remove these requirements.

Other changes prepared include removing the requirement for UW faculty and academic staff to have 12 months of service before becoming eligible for an employer contribution to the ICI premium and shifting the oversight of the ICI program from the Group Insurance Board (GIB) to the ETF Board.

All these items were proposed in the ETF budget request forwarded to the Governor's office, however, only the board oversight changes were included in the budget bill sent to the Legislature in February 2021.

### **Request For Proposal (RFP) For Third-Party Administration of the ICI Program**

On February 5, 2020, the GIB approved ETF's request to issue an RFP for third-party administration of the ICI program beginning January 1, 2022. ETF received a proposal from Sedgwick Claims Management Services, Inc. and from The Hartford Life and Accident Insurance Co. (The Hartford). The Hartford is the current administrator of the ICI program. In November 2020, the GIB approved issuing a letter of intent to contract with The Hartford for the period of January 1, 2022 through December 31, 2026. Contract negotiations between ETF and The Hartford are currently ongoing.

### **Duty Disability Program**

The annual salary and social security offset updates were prepared for the duty disability program. Benefit changes were effective beginning with payments made on February 1, 2021.

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