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Correspondence Memorandum

Date: May 26, 2022
To: Employee Trust Funds Board
From: Jim Guidry, Director
 Benefit Services Bureau
 Division of Retirement Services
Subject: January – March 2022 Disability Programs Update

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

Attached is the Wisconsin Retirement System (WRS) *2022 First Quarter Disability Programs Update* for the period January 2022 through March 2022. The report provides quarterly data on benefit payments, the number of annuities started, options selected, gender, determination, age, and disability type. It should be noted that the number of active LTDI claims continued to decrease, while the number of 40.63 and 40.65 claims remained largely stable.

We appreciate any feedback or suggestions you may offer for future inclusion in this report. Please contact Jim Guidry at (608) 266-5387 or jim.guidry@etf.wi.gov if you have comments or questions.

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

Attachment: 2022 First Quarter Disability Programs Update

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services – Electronically Signed 6/7/22

Board	Mtg Date	Item #
ETF	06.23.22	5I

Benefit Services Bureau

2022 First Quarter Disability Programs Update



May 26, 2022

Introduction

The Department of Employee Trust Funds (ETF) administers Wisconsin Retirement System (WRS) disability benefits and provides this quarterly report to the Teacher's Retirement and Wisconsin Retirement boards. The *2022 First Quarter Disability Programs Update* 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 January, February, and March 2022. 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 LTDI claims continued to decrease, while the number of 40.63 and 40.65 claims remained largely stable. Annual trends and data are included in the annual report, which is typically presented at the first Board meeting of each year.

The Disability Program Section (Section) has just finished the annual adjustment of both the LTDI benefit payments and the Duty Disability offsets. In addition, the Section is currently processing more than 3,000 Annual Earnings Statements for recipients of LTDI and 40.63 benefits. The Annual Earnings Statement is one of two forms required annually from recipients of disability benefits. Each form is reviewed as it is returned, to ensure that benefit recipients continue to meet the program's statutory definition of disability.

Disability Benefit Payments

Table 1.1 shows the total amount of benefit payments made during the first quarter of 2022 and the four prior quarterly totals for the 40.63, 40.65, and LTDI programs. Table 1.2 shows the total number of active claimants at the end of each quarter by program. Both the LTDI benefit payment totals and the number of active LTDI claimants continue to decline due to the closure of the program to new claims in January 2018.

Compared to the first quarter of 2021, disability annuity (40.63) benefit payments have increased by 5.8%, duty disability (40.65) totals increased by 3.7%, and LTDI benefit payment totals decreased by 3.8%.

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

Program	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022
40.63	38,350,702	39,779,421	40,451,802	40,486,283	40,584,349
40.65	9,203,615	9,252,733	9,152,302	9,043,535	9,547,622
LTDI	8,344,685	8,489,136	8,427,929	8,226,538	8,031,582

At the beginning of 2022, there were 6,440 disability annuitants, 1,015 claimants receiving duty disability, and 1,703 claimants receiving LTDI benefits. Table 1.2 shows the number of active claimants receiving 40.63, 40.65, and LTDI benefits at the end of the first quarter of 2022, as well as the prior four quarters.

Table 1.2. 40.63, 40.65, and LTDI active claimants at the end of the last four quarters

Program	Q1-2021	Q2-2021	Q3-2021	Q4-2021	Q1-2022
40.63	6,407	6,407	6,416	6,440	6,429
40.65	1,019	1,025	1,023	1,015	1,011
LTDI	1,830	1,791	1,739	1,703	1,654

§ 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates requested and completed in the first quarters of 2021 and 2022.

The number of estimates requested decreased by 7.4%, compared to the first quarter of 2021, and the number of estimates completed decreased by 16.2% compared to the same period in 2021.

Table 1.3. 40.63 estimates requested and completed 2021-2022

	Jan	Feb	Mar	1 st Quarter
2022 Disability Annuity Estimates Requested	47	48	68	163
2021 Disability Annuity Estimates Requested	59	42	75	176
2022 Disability Annuity Estimates Completed	30	62	58	150
2021 Disability Annuity Estimates Completed	59	43	77	179

The number of 40.63 disability annuity applications received in the first quarter of 2022 (67) is slightly less than the number received in the first quarter of 2021 (68), a decrease of 1.5% from last year.

§ 40.63 Benefit Determinations

There were 14 Teachers Retirement (TR) Board disability annuity claim determinations in the first quarter of 2022. Thirteen claims were approved, and one was canceled. By comparison, there were 17 claim determinations for the same period in 2021, of which 16

were approved, and one was canceled. This represents a decrease of 17.6% in TR claim determinations from the same period in 2021.

There were 50 Wisconsin Retirement (WR) Board disability annuity claim determinations in the first quarter of 2022. Forty-three applications were approved, five were canceled, and two were denied. The number of claim determinations in the first quarter of 2022 represents a 3.4% decrease from the 52 WR Board disability annuity claim determinations in the same period in 2021.

Tables 1.4 and 1.5 show the breakdown of disability annuity claim determinations by age. This quarter, the number of TR Board claims are evenly distributed between the ages of 41-60. The WR Board claims remain concentrated in the 51-65 age range.

Table 1.4. TR Board claim determinations by age

Age	Jan	Feb	Mar	1 st Qtr 2022	1 st Qtr 2021
41-45	0	1	2	3	0
46-50	1	2	0	3	5
51-55	2	1	0	3	3
56-60	1	3	0	4	6
61-65	0	1	0	1	3
TOTAL	4	8	2	14	17

Table 1.5. WR Board claim determinations by age

Age	Jan	Feb	Mar	1 st Qtr 2022	1 st Qtr 2021
31-35	0	0	1	1	2
36-40	0	0	1	1	3
41-45	6	1	0	7	5
46-50	1	1	3	5	3
51-55	6	3	5	14	12
56-60	2	6	2	10	20
61-65	6	4	2	12	7
TOTAL	21	15	14	50	52

Tables 1.6 and 1.7 show the breakdown of first quarter 2022 disability annuity claim determinations by disability type. TR Board claim disability types consisted primarily of multiple medical problems (21.4%), cancer (14.3%), and eye disorders (14.3%). WR Board claims consisted primarily of multiple medical problems (28%), cancer (16%), neurology (16%), and orthopedic (14%).

Table 1.6 TR Board disability annuity claim determinations by disability type

Disability Type	Jan	Feb	Mar	1 st Qtr 2022	1 st Qtr 2021
Brain Injury	0	0	1	1	0
Cancer	0	1	1	2	3
Chronic Fatigue	0	0	0	0	1
Eye Disorders	1	1	0	2	0
Mental Illness	0	1	0	1	1
Multiple Medical Problems	0	3	0	3	3
Multiple Sclerosis	1	0	0	1	0
Nephrology	1	0	0	1	0
Neurology	1	0	0	1	6
Orthopedic	0	1	0	1	1
Other	0	1	0	1	1
Respiratory	0	0	0	0	1
TOTAL	4	8	2	14	17

Table 1.7 WR Board disability annuity claim determinations by disability type

Disability Type	Jan	Feb	Mar	1 st Qtr 2022	1 st Qtr 2021
Cancer	4	3	1	8	9
Cardiovascular	3	0	1	4	2
Eye Disorders	0	0	0	0	1
Gastro/Intestinal	0	1	0	1	0
Mental Illness	2	0	3	5	6
Multiple Medical Problems	5	5	4	14	5
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	0	0	0	0	1
Nephrology	0	0	0	0	2
Neurology	2	3	3	8	9
Orthopedic	4	2	1	7	15
Other	1	0	1	2	1
Respiratory	0	1	0	1	0
TOTAL	21	15	14	50	52

§ 40.63 Benefits Started

There were seven TR Board disability annuities started in the first quarter of 2022. Six of these (86%) were for female claimants, and one (14%) was for a male claimant. In the first quarter of 2021, there were 10 disability annuities started: 80% for female claimants and 20% for male claimants.

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

Table 1.8. TR Board disability annuities started by option selected

Option	Jan	Feb	Mar	1 st Qtr 2022	1 st Qtr 2021
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	0	2	1	3	4
Life Annuity with 60 Payments Guaranteed	0	0	0	0	1
For Annuitant's Life Only	1	1	0	2	3
Life Annuity with 180 Payments Guaranteed	1	0	0	1	0
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	1
100% Continued to Named Survivor (Joint Survivor)	1	0	0	1	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	3	3	1	7	10

There were 41 WR Board disability annuities started in the first quarter of 2022, compared to 40 disability annuities started in the same period in 2021. Disability annuities in this quarter were made up of 23 female annuitants (56%) and 18 male annuitants (44%). In the first quarter of 2021, new disability annuities were split between 24 female (60%) and 16 male (40%) annuitants.

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

Table 1.9. WR Board disability annuities started by option selected

Option	Jan	Feb	Mar	1 st Qtr 2022	1 st Qtr 2021
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	8	4	2	14	15
Life Annuity with 60 Payments Guaranteed	0	0	1	1	6
For Annuitant's Life Only	6	3	2	11	7
Life Annuity with 180 Payments Guaranteed	4	3	1	8	6
75% Continued to Named Survivor (Joint Survivor)	1	0	0	1	2
100% Continued to Named Survivor (Joint Survivor)	1	2	1	4	4
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	1	1	2	0
TOTAL	20	13	8	41	40

§ 40.65 Duty Disability

In the first quarter of 2022, three duty disability claims were approved, and five were denied.

Duty disability benefits were started for two claimants in the first quarter of 2022, compared with two claims started in the same period in 2021. Table 1.10 shows the breakdown of first quarter 2022 duty disability claims by disability type. None of the claims started in the first quarter of 2022 were approved under the heart and lung presumptive statute. No duty disability death benefits were started during this period.

Table 1.10 Duty Disability benefits started by disability type

Disability Type	Jan	Feb	Mar	1 st Qtr 2022	1 st Qtr 2021
Musculoskeletal	1	0	0	1	2
Psychiatric	0	0	1	1	0
TOTAL	1	0	1	2	2

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.

Forty-two claims were closed in the first quarter of 2022, including nine deaths and four claims that were closed because of a failure to submit the required earnings documentation. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65. There were 1,630 open LTDI claims and 1 suspended LTDI claim at the end of the quarter.

Forty-two claims are expected to reach their maximum duration dates and be closed during the second quarter of 2022. The final LTDI claim is scheduled to reach its maximum duration of benefits on November 30, 2052, but could terminate prior to that date (e.g. death of claimant, failure to submit required documentation, exceeding earnings limit two times). Assuming all claims remain open until the date of their maximum duration, the number of open claims in 10 years will total 522, 83 in 20 years, and in 30 years there will be one open LTDI claim.