

***Benefit Services Bureau***

***2023 First Quarter Disability Programs Update***



May 26, 2023

## 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 *2023 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 2023. 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 claims remained largely stable. The number of 40.65 claims also remained stable over the past quarter. 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) completed the annual salary adjustment for LTDI benefits, and the adjustment of offsets to 40.65 benefits. The section mailed more than 3,000 income certifications for recipients of 40.63 and LTDI benefits and has already processed more than 2,500 completed certifications. The review of income certifications is required annually from recipients to ensure that they remain eligible for benefits. In addition, the section recently mailed approximately 1,000 salary certifications to recipients of 40.65 benefits and will begin to process these as the forms are returned.

## Disability Benefit Payments

Table 1.1 shows the total amount of benefit payments made during the first quarter of 2023 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. The number of active LTDI claimants continues to decline due to the closure of the program to new claims in January 2018. However, the annual LTDI salary adjustment occurred in the second quarter of 2022 resulting in an increase in benefit payments from the previous quarter.

Compared to the first quarter of 2022, disability annuity (40.63) benefit payments have increased by 7.9%, duty disability (40.65) totals increased by 2.2%, and LTDI benefit payment totals decreased by 4.1%.

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

Program	Q1-2022	Q2-2022	Q3-2022	Q4-2022	Q1-2023
40.63	40,584,349	42,787,531	43,873,070	43,965,602	43,789,886
40.65	9,547,622	9,508,952	9,173,124	9,203,632	9,754,728
LTDI	8,031,582	8,226,199	8,148,105	7,923,621	7,705,144

At the beginning of 2023, there were 6,459 disability annuitants, 1,008 claimants receiving duty disability, and 1,514 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 2023, 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	Q1-2022	Q2-2022	Q3-2022	Q4-2022	Q1-2023
40.63	6,429	6,429	6,434	6,459	6,422
40.65	1,011	1,009	1,011	1,008	1,007
LTDI	1,654	1,612	1,551	1,514	1,481

### § 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates requested and completed in the first quarters of 2022 and 2023.

The number of estimates requested decreased by 16.0%, compared to the first quarter of 2022, and the number of estimates completed decreased by 14.7% compared to the same period in 2022.

Table 1.3. 40.63 estimates requested and completed 2022-2023

	Jan	Feb	Mar	1 <sup>st</sup> Quarter
2023 Disability Annuity Estimates Requested	41	43	53	137
2022 Disability Annuity Estimates Requested	47	48	68	163
2023 Disability Annuity Estimates Completed	39	37	52	128
2022 Disability Annuity Estimates Completed	30	62	58	150

The number of 40.63 disability annuity applications received in the first quarter of 2023 (53) is less than the number received in the first quarter of 2022 (67), a decrease of 20.9% from last year.

### § 40.63 Benefit Determinations

There were 10 Teachers Retirement (TR) Board disability annuity claim determinations in the first quarter of 2023. Eight claims were approved, one was canceled, and one was deemed approved. By comparison, there were 14 claim determinations for the same period

in 2022, of which 13 were approved, and one was canceled. This represents a decrease of 28.6% in TR claim determinations from the same period in 2022.

There were 54 Wisconsin Retirement (WR) Board disability annuity claim determinations in the first quarter of 2023. Forty-two applications were approved, seven were canceled, one was deemed approved, and four were denied. The number of claim determinations in the first quarter of 2023 represents an 8.0% increase from the 50 WR Board disability annuity claim determinations in the same period in 2022.

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 concentrated around the ages of 51-60, while the WR Board claims are concentrated around the ages of 46-55.

Table 1.4. TR Board claim determinations by age

Age	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2023	1 <sup>st</sup> Qtr 2022
31-35	1	0	0	1	0
36-40	0	0	0	0	0
41-45	1	0	0	1	3
46-50	0	1	0	1	3
51-55	1	1	1	3	3
56-60	2	2	0	4	4
61-65	0	0	0	0	1
<b>TOTAL</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>10</b>	<b>14</b>

Table 1.5. WR Board claim determinations by age

Age	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2023	1 <sup>st</sup> Qtr 2022
31-35	0	0	2	2	1
36-40	1	1	1	3	1
41-45	0	1	2	3	7
46-50	4	4	2	10	5
51-55	8	2	9	19	14
56-60	1	3	3	7	10
61-65	2	4	4	10	12
<b>TOTAL</b>	<b>16</b>	<b>15</b>	<b>23</b>	<b>54</b>	<b>50</b>

Tables 1.6 and 1.7 show the breakdown of first quarter 2023 disability annuity claim determinations by disability type. TR Board claim disability types consisted primarily of

neurology (30.0%), cancer (20.0%), and multiple medical problems (20.0%). WR Board claims consisted primarily of multiple medical problems (25.9%), orthopedic (24.1%), and cancer (16.7%).

Table 1.6 TR Board disability annuity claim determinations by disability type

Disability Type	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2023	1 <sup>st</sup> Qtr 2022
Brain Injury	0	0	0	0	1
Cancer	0	1	1	2	2
Eye Disorders	0	0	0	0	2
Gastro/Intestinal	0	1	0	1	0
Mental Illness	1	0	0	1	1
Multiple Medical Problems	1	1	0	2	3
Multiple Sclerosis	0	0	0	0	1
Nephrology	0	0	0	0	1
Neurology	2	1	0	3	1
Orthopedic	1	0	0	1	1
Other	0	0	0	0	1
<b>TOTAL</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>10</b>	<b>14</b>

Table 1.7 WR Board disability annuity claim determinations by disability type

Disability Type	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2023	1 <sup>st</sup> Qtr 2022
Brain Injury	0	0	1	1	0
Cancer	3	2	4	9	8
Cardiovascular	2	0	0	2	4
Gastro/Intestinal	0	0	1	1	1
Mental Illness	1	1	1	3	5
Multiple Medical Problems	4	5	5	14	14
Nephrology	1	1	0	2	0
Neurology	2	1	4	7	8
Orthopedic	3	4	6	13	7
Other	0	0	0	0	2
Respiratory	0	1	0	1	1
Unknown	0	0	1	1	0
<b>TOTAL</b>	<b>16</b>	<b>15</b>	<b>23</b>	<b>54</b>	<b>50</b>

### § 40.63 Benefits Started

There were nine TR Board disability annuities started in the first quarter of 2023. Seven of these (78%) were for female claimants, and two (22%) were for male claimants. In the first

quarter of 2022, there were seven disability annuities started: 86% for female claimants and 14% 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 <sup>st</sup> Qtr 2023	1 <sup>st</sup> Qtr 2022
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	1	2	2	5	3
Life Annuity with 60 Payments Guaranteed	0	0	0	0	0
For Annuitant's Life Only	0	2	0	2	2
Life Annuity with 180 Payments Guaranteed	0	0	0	0	1
75% Continued to Named Survivor (Joint Survivor)	1	0	0	1	0
100% Continued to Named Survivor (Joint Survivor)	0	0	1	1	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
<b>TOTAL</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>9</b>	<b>7</b>

There were 30 WR Board disability annuities started in the first quarter of 2023, compared to 41 disability annuities started in the same period in 2022. Disability annuities in this quarter were made up of 10 female annuitants (33%) and 20 male annuitants (67%). In the first quarter of 2022, new disability annuities were split between 23 female (56%) and 18 male (44%) 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 <sup>st</sup> Qtr 2023	1 <sup>st</sup> Qtr 2022
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	3	4	8	15	14
Life Annuity with 60 Payments Guaranteed	1	1	0	2	1
For Annuitant's Life Only	4	1	0	5	11
Life Annuity with 180 Payments Guaranteed	3	3	0	6	8
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	1
100% Continued to Named Survivor (Joint Survivor)	1	0	0	1	4
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	1	1	2
<b>TOTAL</b>	<b>12</b>	<b>9</b>	<b>9</b>	<b>30</b>	<b>41</b>

### § 40.65 Duty Disability

In the first quarter of 2023, three duty disability claims were approved, one was denied, and one was approved as a rescinded denial.

Duty disability benefits were started for two claimants in the first quarter of 2023, compared with two claims started in the same period in 2022. Table 1.10 shows the breakdown of first quarter 2023 duty disability claims by disability type. None of the claims started in the first quarter of 2023 were approved under the heart and lung presumptive statute. No claims were approved under the cancer 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 <sup>st</sup> Qtr 2023	1 <sup>st</sup> Qtr 2022
Musculoskeletal	1	0	1	2	1
Psychiatric	0	0	0	0	1
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>2</b>

### 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.

Thirty-seven claims were closed in the first quarter of 2023, including: seven deaths, one claim that was closed for non-submission of an earnings statement, and two claims that were closed because they were completely offset by the recipient's retirement benefit. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65.

Thirty-two claims are expected to reach their maximum duration dates and be closed during the second quarter of 2023. Assuming all claims remain open until the date of their maximum duration, the number of open claims in 10 years will total 460, and in 20 years there will be 61 open LTDI claims. 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).