

***Benefit Services Bureau***

***2023 Fourth Quarter Disability Programs Update***



February 29, 2024

## Introduction

The Department of Employee Trust Funds (ETF) administers Wisconsin Retirement System (WRS) disability benefits and provides this quarterly report to the Employee Trust Funds, Teacher’s Retirement, and Wisconsin Retirement boards. The *2023 Fourth 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 October, November, and December 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 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.

In the fourth quarter, the Disability Program Section (Section) completed the annual adjustment of salaries, Social Security, and other employer earnings offsets for 40.65 benefits, and was in the process of reviewing more than 100 annual medical recertification forms for recipients of LTDI and 40.63 benefits. In addition, the Section was nearing completion on the review of nearly 1,000 tax returns and income statements for recipients of 40.65 benefits. The review of tax returns and/or income statements is required annually from recipients of 40.65 disability benefits to ensure that benefits were paid correctly for the prior year. The review takes a significant amount of staff time to complete and audit.

## Disability Benefit Payments

Table 1.1 shows the total amount of benefit payments made during the fourth quarter of 2023 and the totals for the prior four quarters 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.

Compared to the fourth quarter of 2022, disability annuity (40.63) benefit payments have increased by 0.2%, duty disability (40.65) totals increased by 10.4%, and LTDI benefit payment totals decreased by 9.4%. As noted in Table 1.2, the number of claimants for 40.63 increased slightly for the same time period, while the number of active 40.65 claimants decreased slightly. Other factors that impact benefit payments include claim turnover, increases in average salary for new claims, and offset adjustments.

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

Program	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023
40.63	43,965,602	46,789,886	43,933,766	43,763,734	44,066,731
40.65	9,203,632	9,754,728	10,058,364	10,284,044	10,158,731
LTDI	7,923,621	7,705,144	7,611,663	7,381,854	7,177,821

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 fourth 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	Q4-2022	Q1-2023	Q2-2023	Q3-2023	Q4-2023
40.63	6,459	6,422	6,424	6,429	6,464
40.65	1,008	1,007	1,005	1,012	1,000
LTDI	1,514	1,481	1,446	1,381	1,349

### § 40.63 Disability Annuity

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

The number of estimates requested decreased by 12.8%, compared to the fourth quarter of 2022, and the number of estimates completed decreased by 15.5% compared to the same period in 2022.

Table 1.3. 40.63 estimates requested and completed 2022-2023

	Oct	Nov	Dec	Q4
2023 Disability Annuity Estimates Requested	49	39	35	123
2022 Disability Annuity Estimates Requested	53	54	34	141
2023 Disability Annuity Estimates Completed	50	39	31	120
2022 Disability Annuity Estimates Completed	57	52	33	142

The number of 40.63 disability annuity applications received in the fourth quarter of 2023 (53) is less than the number received in the fourth quarter of 2022 (65), a decrease of 18.5% from last year.

### § 40.63 Benefit Determinations

There were 21 Teachers Retirement (TR) Board disability annuity claim determinations in the fourth quarter of 2023. Eighteen claims were approved, one was canceled, and two were denied. By comparison, there were 18 claim determinations for the same period in 2022, of which 13 were approved, one was canceled, and 4 were denied. This represents an increase of 16.7% in TR claim determinations from the same period in 2022.

There were 40 Wisconsin Retirement (WR) Board disability annuity claim determinations in the fourth quarter of 2023. Thirty-four applications were approved, three were canceled, and three were denied. The number of claim determinations in the fourth quarter of 2023

represents an 7.0% decrease from the 43 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 51-65.

Table 1.4. TR Board claim determinations by age

Age	Oct	Nov	Dec	Q4-2023	Q4-2022
31-35	0	1	0	1	1
36-40	0	0	0	0	1
41-45	1	0	2	3	1
46-50	1	1	0	2	1
51-55	3	2	3	8	5
56-60	2	1	3	6	4
61-65	0	0	1	1	5
<b>TOTAL</b>	<b>7</b>	<b>5</b>	<b>9</b>	<b>21</b>	<b>18</b>

Table 1.5. WR Board claim determinations by age

Age	Oct	Nov	Dec	Q4-2023	Q4-2022
36-40	2	0	2	4	3
41-45	2	0	0	2	6
46-50	3	1	2	6	13
51-55	2	3	3	8	7
56-60	2	6	3	11	9
61-65	4	3	2	9	5
<b>TOTAL</b>	<b>15</b>	<b>13</b>	<b>12</b>	<b>40</b>	<b>43</b>

Tables 1.6 and 1.7 show the breakdown of fourth quarter 2023 disability annuity claim determinations by disability type. TR Board claim disability types consisted primarily of multiple medical problems (42.9%), neurology (19.0%), cancer (14.3%), and orthopedic (14.3%). WR Board claims consisted primarily of orthopedic (27.5%), multiple medical problems (22.5%), and neurology (17.5%).

Table 1.6 TR Board disability annuity claim determinations by disability type

Disability Type	Oct	Nov	Dec	Q4-2023	Q4-2022
Cancer	0	0	3	3	3
Mental Illness	2	0	0	2	1
Multiple Medical Problems	0	3	6	9	6
Multiple Sclerosis	0	0	0	0	2
Neurology	3	1	0	4	5
Orthopedic	2	1	0	3	1

<b>Disability Type</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Q4-2023</b>	<b>Q4-2022</b>
<b>TOTAL</b>	<b>7</b>	<b>5</b>	<b>9</b>	<b>21</b>	<b>18</b>

Table 1.7 WR Board disability annuity claim determinations by disability type

<b>Disability Type</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Q4-2023</b>	<b>Q4-2022</b>
Cancer	2	3	1	6	7
Cardiovascular	0	3	0	3	0
Eye Disorder	0	0	0	0	1
Mental Illness	0	0	0	0	6
Multiple Medical Problems	3	4	2	9	8
Multiple Sclerosis	1	0	0	1	2
Muscle/Tissue	1	1	0	2	1
Nephrology	0	0	0	0	1
Neurology	2	0	5	7	8
Orthopedic	6	1	4	11	8
Other	0	1	0	1	0
Unknown	0	0	0	0	1
<b>TOTAL</b>	<b>15</b>	<b>13</b>	<b>12</b>	<b>40</b>	<b>43</b>

### § 40.63 Benefits Started

There were 16 TR Board disability annuities started in the fourth quarter of 2023. Eight of these (50%) were for female claimants, and eight (50%) were for male claimants. In the fourth quarter of 2022, there were two disability annuities started, both for female 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

<b>Option</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Q4-2023</b>	<b>Q4-2022</b>
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	3	1	3	7	2
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	3	0	1	4	0
Life Annuity with 180 Payments Guaranteed	0	0	2	2	0
75% Continued to Named Survivor (Joint Survivor)	1	2	0	3	0
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	0
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0

Option	Oct	Nov	Dec	Q4-2023	Q4-2022
<b>TOTAL</b>	<b>7</b>	<b>3</b>	<b>6</b>	<b>16</b>	<b>2</b>

There were 37 WR Board disability annuities started in the fourth quarter of 2023, compared to 50 disability annuities started in the same period in 2022. Disability annuities in this quarter were made up of 19 female annuitants (51%) and 18 male annuitants (49%). In the fourth quarter of 2022, new disability annuities were split between 29 female (58%) and 21 male (42%) 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	Oct	Nov	Dec	Q4-2023	Q4-2022
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	4	6	7	17	24
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	0	2	0	2	2
Life Annuity with 180 Payments Guaranteed	5	2	1	8	11
75% Continued to Named Survivor (Joint Survivor)	0	4	4	8	8
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	1	0	1	2	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	3
<b>TOTAL</b>	<b>10</b>	<b>14</b>	<b>13</b>	<b>37</b>	<b>50</b>

### § 40.65 Duty Disability

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

Duty disability benefits were started for six claimants in the fourth quarter of 2023, compared with eight claims started in the same period in 2022. Table 1.10 shows the breakdown of fourth quarter 2023 duty disability claims by disability type. One of the claims started in the fourth quarter of 2023 was approved under the heart and lung presumptive statute and one 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

<b>Disability Type</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Q4-2023</b>	<b>Q4-2022</b>
Cancer	2	0	0	2	1
Musculoskeletal	1	0	2	3	5
Neurological	1	0	0	1	0
Psychiatric	0	0	0	0	2
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>6</b>	<b>8</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-four claims were closed in the fourth quarter of 2023, including ten deaths. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65.

Forty-three claims are expected to reach their maximum duration dates and be closed during the first quarter of 2024. Assuming all claims remain open until the date of their maximum duration, the number of open claims in 10 years will total 403, and in 20 years there will be 45 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 twice).