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CORRESPONDENCE MEMORANDUM

DATE: April 26, 2011
TO: Group Insurance Board
FROM: Lisa Ellinger, Administrator
Division of Insurance Services
SUBJECT: Annual Aetna Income Continuation Insurance (ICI) and Long-Term Disability Insurance (LTDI) Program Report

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

Attached, please find Aetna's Annual ICI and LTDI Program report.

Aetna has met performance standards and claims remain steady. A brief summary is found on page 3 of the report.

Attachment: ICI and LTDI Report

Reviewed and approved by Lisa Ellinger, Administrator, Division of Insurance Services.

Lisa Ellinger 4/28/11
Signature Date

Board	Mtg Date	Item #
GIB	6.7.11	10F



Group Insurance Board

2010 ICI and LTDI
Program

April 12, 2011



Agenda



- **2010 Projects and Approaches**
- **Executive Summary**
- **Performance**
 - **Customer Service**
 - **Administration**
 - **Claims Experience Overview**
 - **All Claims Paid in 2010**
- **Questions and Answers**

2010 Projects and Approaches

Contract Renewal

- 5-year contract started 1.1.09
- Second year focused on continued work on reporting requirements and operational efficiency

ETF Program Integrated with Aetna Best Practice

- The ETF/Aetna program remains very focused on the customized aspects of the ICI and LTDI programs
 - Continues to assure ETF benefits from best practices within the Aetna disability program approach

Ombudsperson Activity

- 2008 - Less than one incident per month
- 2009 - 10 incidents all year
- 2010 – Less than 10 incidents
 - No issues made it to State of WI Ombudsperson office

Customer Service Remains Priority

Executive Summary

▪ Key Customer Service and Reporting Measures

- Aetna answered over 9600 incoming phone calls about disability claims
- No issues rose beyond Aetna ombudsperson position to the WI Ombudsperson office
- Aetna met or exceeded standards set for Evidence of Insurability (EOI) approval
- Aetna met or exceeded standards for claim decision turn around times

▪ Claims Study - State ICI, Local ICI, LTDI

- **1715 - Total new claims** = decrease by a net of 23 claims from 2009 = stability
- New ICI claims have remained steady
 - Between 1388 and 1419 for 4 years in a row
 - 1416 total new claims in 2011
 - ICI State STD are a majority of all claims (1265) – **74% of all claims**
 - There were 150 ICI State LTD, 67 ICI Local STD, 8 ICI Local LTD and 225 LTDI claims
- Musculoskeletal is the most common diagnostic category for all programs
 - Both the number of claims and their duration (140 plus days) drive absence for ETF clients
- Mental Health claims- while not the most numerous – were the second leading driver of absence due to the length of disability for this type of claim (170 plus days)
 - Mental health claims become LTD claims about as often as musculoskeletal and last much longer
- Neoplasm and injury, while fewer in number, have longer durations

Ombuds Activity

- **ETF Ombudspersons reported the following ICI and LTDI contacts:**
 - 2004 – 171 contacts
 - 2005 – 61 contacts
 - 2006 – 16 contacts
 - 2007 – 19 contacts
 - 2008 – 13 contacts
 - 2009 – 10 contacts
 - **2010 – Less than 10 contacts**
- **Aetna Ombudsperson reported that there were less than 10 contact that required intervention**
- **Experienced Aetna claims staff generally are able to handle issues that in the past required Ombudsperson intervention**

2010 Performance Measures

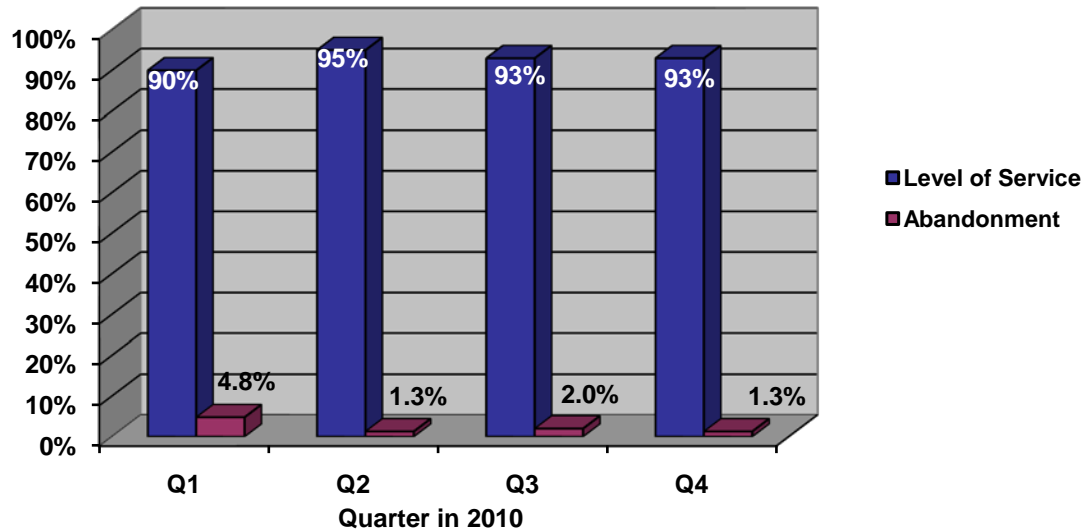


- **Phone Statistics**
 - **2010 Performance**
 - **5-Year Study**
- **Evidence of Insurability - EOI Processing**
 - **Number of Applications**
 - **Approvals and Denials**
- **Customer Service Measurements**
 - **Aetna met annual service levels**
 - **General customer service has been very good**

2010 Telephone Performance

Quarter	Calls Received	Level of Service	Calls Abandoned
1st Quarter	2,250	90%	4.8%
2nd Quarter	2,544	95%	1.3%
3rd Quarter	2,509	93%	2.0%
4th Quarter	2,302	93%	1.3%
Annual	9,605	93%	2.4%

2010 Telephone Performance



Performance Standards

1. **90% of calls answered within 60 seconds**
 2. **4% or less abandoned calls**
- In Q1 despite answering calls within the required timeframe, there were slightly too many calls abandoned (.8%).
 - We adjusted staffing and applied our call spread and monitoring technology in response.
 - All call standards were met or exceeded at each stage following the adjustment.

Phone Performance Study

2010 - 5 years



	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Number of phone calls	9,605	8,646	10,775	11,774	10,795
Answered- 60 seconds	93%	90%	94%	84%	83%
Abandoned	2.4%	2.9%	1.58%	4.85%	4.17%

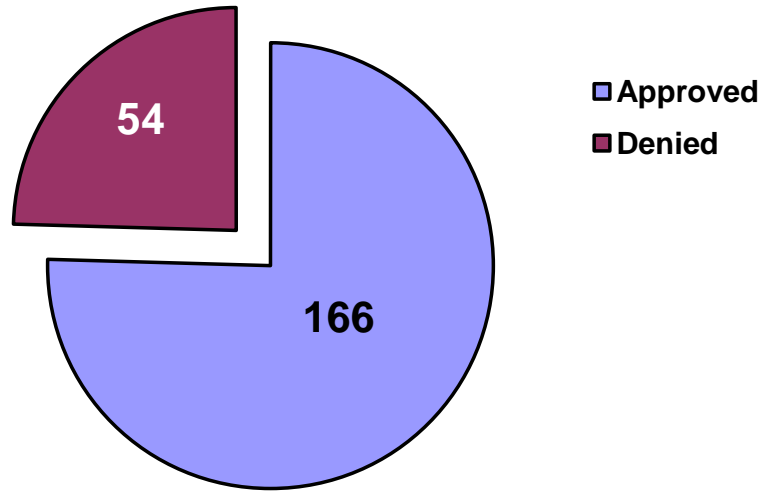
The “Claim Owner model” whereby a claimant is immediately assigned an Aetna contact for the life of the disability claim continues to allow for effective customer service and minimal hand-offs.

The Aetna phone technology allows the monitoring of call volume and shifting of resources if volume is exceeding capacity of allocated staff.

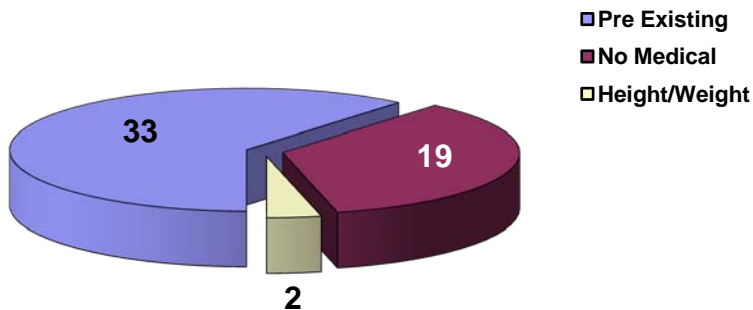
The Aetna team leaders can shift resources as needed and can even make sure the team answers ETF calls when the rest of the Aetna office is either closed or disabled due to weather, power outages or other issues.

2010 Evidence of Insurability

2010 EOI Applications



EOI Denial Reasons



The 2010 Performance Standard for EOI is:

Determination Notice is made to the applicant of EOI within 15 days of Aetna receiving all information required to render a decision

Aetna met this standard 100% of the time with no exceptions

2010 New Claims Experience

1. Claims Counts by Product

2. Individual Program Utilization

a) State ICI - STD/LTD

- Claims, Agency, Gender, Diagnostic Categories

b) Local ICI - STD/LTD

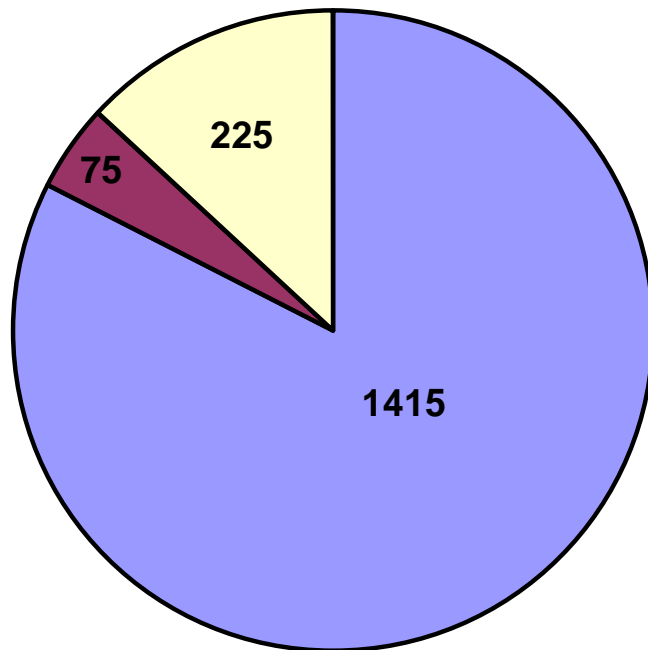
- Claims, Agency, Gender, Diagnostic Categories

c) LTDI

- Claims, Agency, Gender, Diagnostic Categories

2010 Overall New Claims

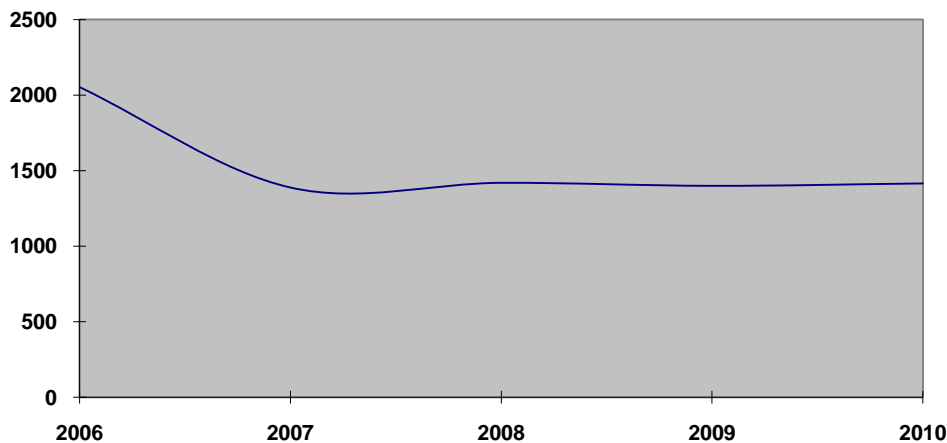
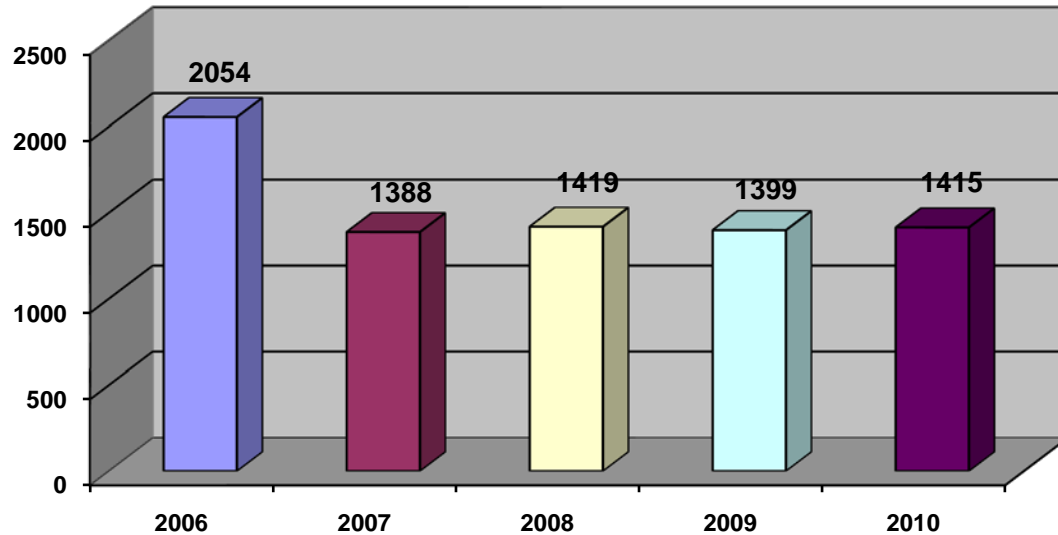
1715 Total New Claims for 2010



- **State ICI - 1415 claims**
 - 2009 – 1399 (+16)
 - 2008 – 1419 (-20)
- **Local ICI - 75 claims**
 - 2009 – 87 (-12)
 - 2008 – 67 (+20)
- **LTDI - 225 claims**
 - 2009 – 252 (-27)
 - 2008 – 192 (+60)
- **Net decrease by 23 claims from 2009**

2010 State ICI - 5 Year Trend

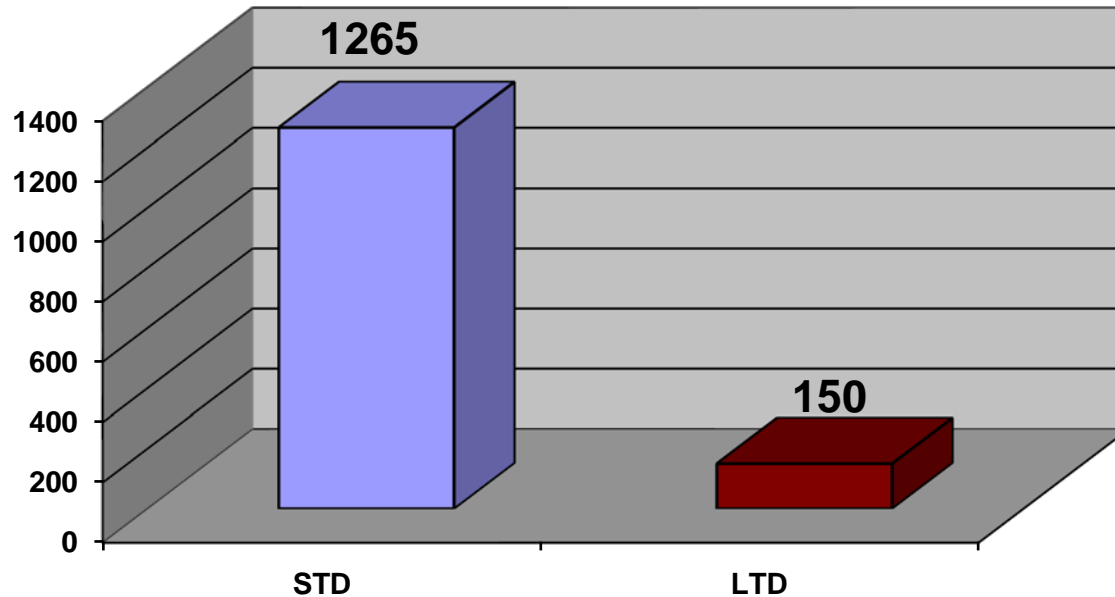
All State ICI Claims - 5 Year Trend



- State ICI claims are **82.5%** of all new claims.
 - This includes both STD and LTD.
- Claim initiation was at a peak in 2006 but has leveled off and stabilized considerably over the last 4 years with a greatest variance of 31 claims from 2007 to 2008.

2010 State ICI Program Claim Counts

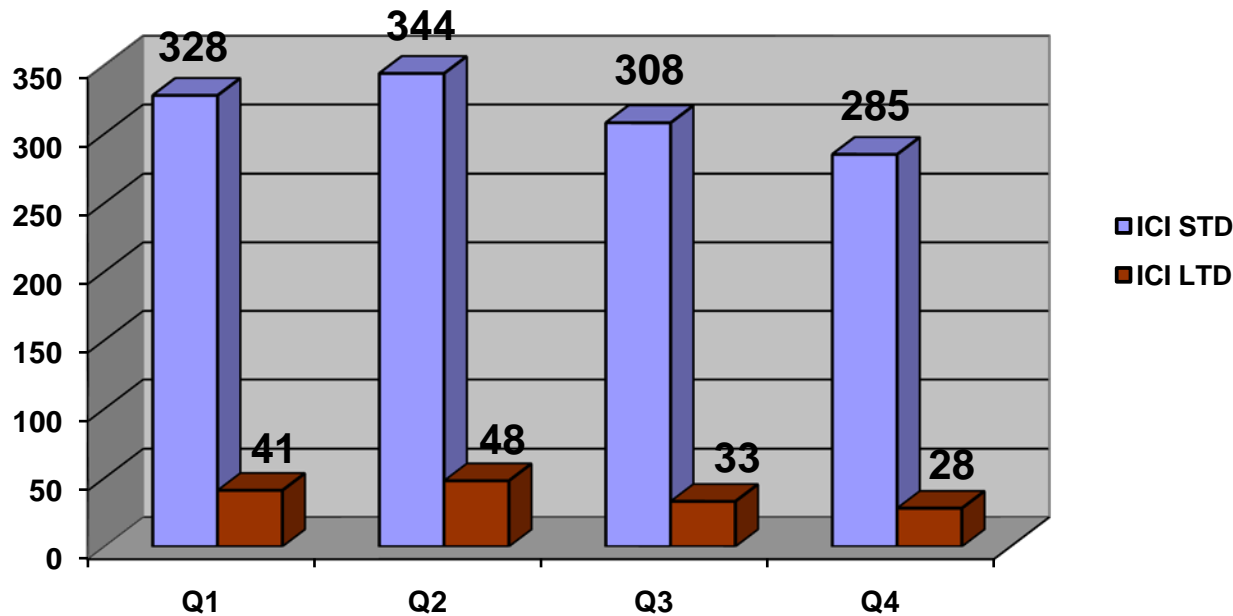
2010 State ICI STD v LTD



- 1,265 New State ICI Short-Term Disability (STD) claims in 2010
- 150 State ICI claims moved into the Long-Term Disability (LTD) phase
 - An ICI STD claim becomes LTD after one year

State ICI STD/LTD by Quarter - 2010

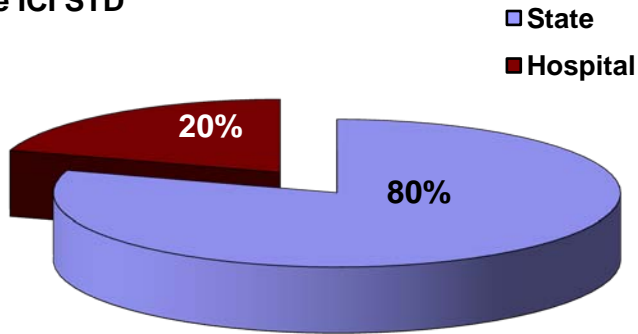
2010 State ICI Claims by Quarter



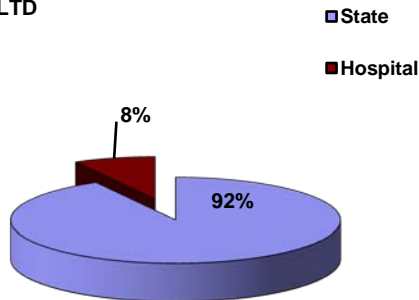
- State ICI claim initiations are fairly consistent for both STD and LTD programs by quarter
- Just over 10% of STD claims will become an LTD claim
- New claim patterns peaked earlier in 2010 than 2009
 - In 2009 Q2 and Q3 were highest new claim quarters

2010 State ICI Claims by Employer Type

2010 State ICI STD

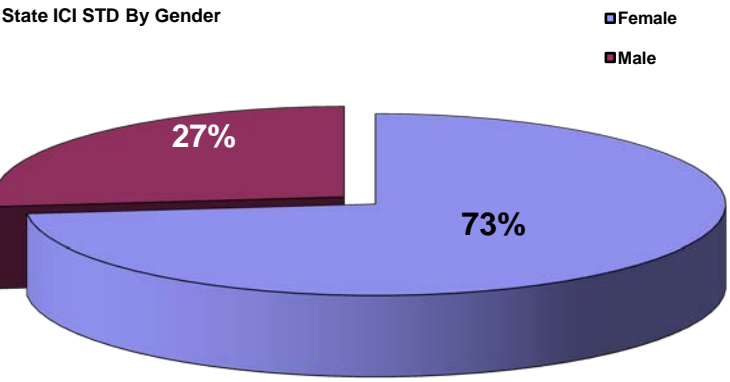


2010 State ICI LTD

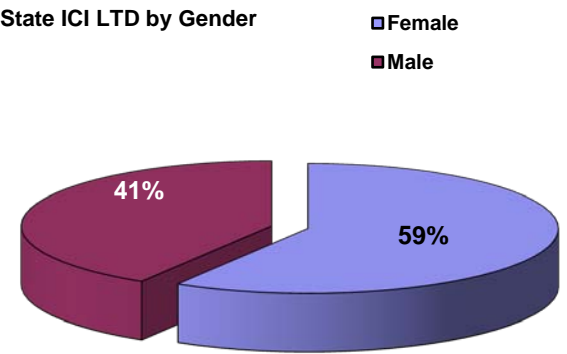


- All State ICI claims are recorded as either
 - State or Hospital
- Of the 1,265 STD claims
 - 1,011 were State
 - 254 were Hospital
- Of the 150 ICI LTD claims
 - 138 were State
 - 12 were Hospital

2010 State ICI Claims by Gender



- ICI STD**
- 927 Claims - female
 - **338** Claims - male
 - Maternity as an exclusive category for female - supports the ratio and is common as an STD statistic



- **ICI LTD**
 - 88 Claims - female
 - **62** Claims - male
 - Absence of maternity claims in LTD shifts the ratio of female to male from 3 to 1 in STD to 3 to 2 in LTD

2010 New State ICI STD

Claims by Disability

Top 13 Categories

<u>Diagnosis</u>	<u># Claims</u>	<u>Total Days</u>	<u>Avg. Duration</u>
Musculoskeletal	367	51576	140
Mental Disorders	144	24355	169
Injury	159	19144	120
Pregnancy	242	15443	63
Neoplasm	83	13254	159
Nervous System	67	11086	165
Circulatory System	47	9009	191
Digestive System	38	4374	115
Genitourinary System	50	4317	86
Ill-Defined Conditions	21	3503	166
Immune Disorders	15	2324	154
Infectious Diseases	5	1395	279
Respiratory System	12	1358	113

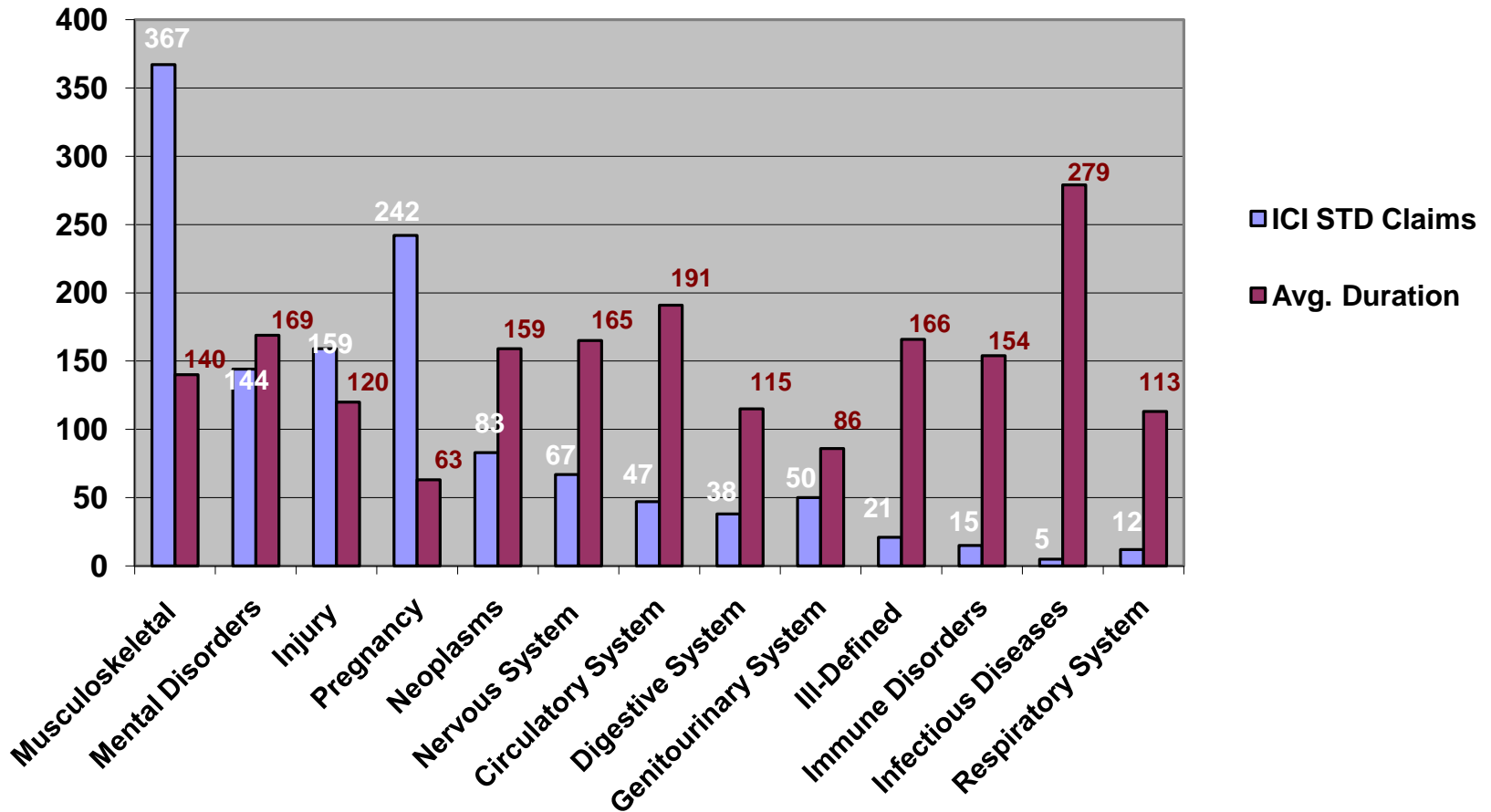
- State ICI STD comprises a majority of the volume and claim processing in administration of ETF's programs
- The chart details what medical conditions drive work absence
- Order here is according to what diagnosis is the reason for highest to lowest number of days lost for disability
- While pregnancy is second most common of claims, it follows mental health and injury claims in terms of total days lost from work by diagnosis
 - This is due to the fact that pregnancy claims are structured and short in duration (63 days) while mental health and injury claims last twice as long
- Neoplasm, while only a third of the number of pregnancy claims, is a diagnosis that causes almost as many net days lost



Diagnostic Categories and Durations

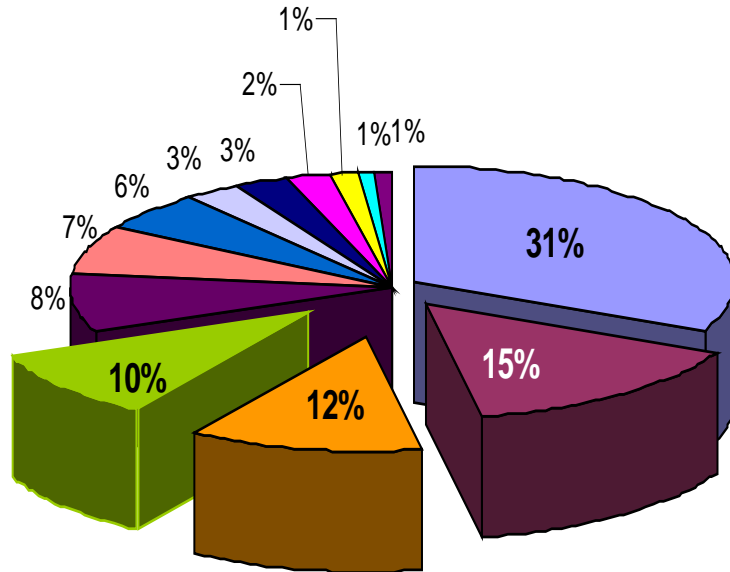
2010 ICI STD

ICI STD Claims v Durations



State ICI STD Diagnosis as a Percent of Days Lost Top 13

Percent Days Lost by Diagnosis



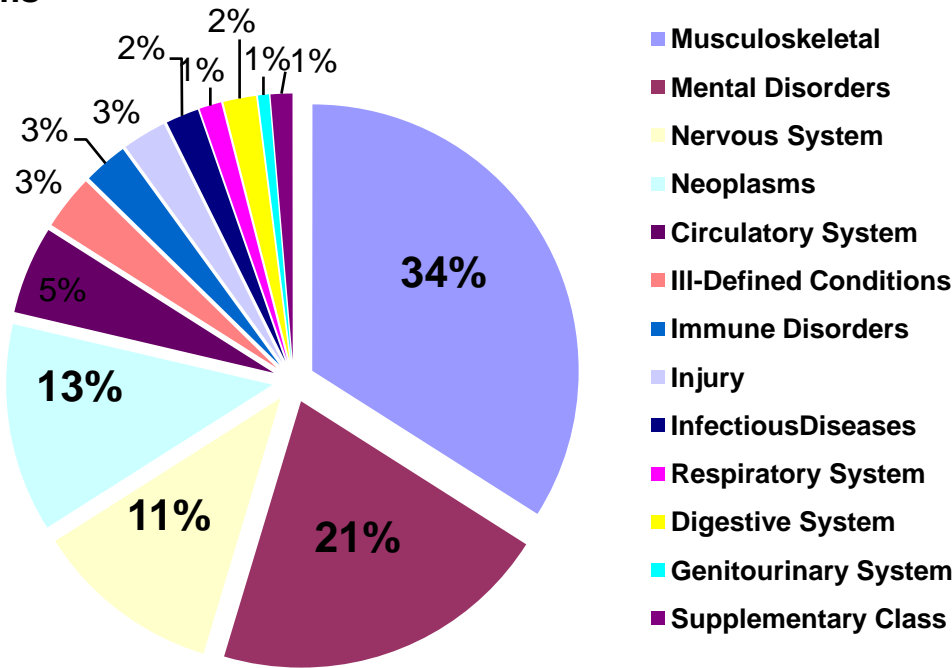
- Musculoskeletal
- Mental Disorders
- Injury
- Pregnancy
- Neoplasms
- Nervous System
- Circulatory System
- Digestive System
- Genitourinary System
- Ill-Defined Conditions
- Immune Disorders
- Infectious Diseases
- Respiratory System

- 4 Diagnostic categories generate 68% of the days lost to new STD claims in 2010:

- Musculoskeletal
- Mental Disorders
- Injury
- Pregnancy

2010 State ICI LTD Claims by Diagnosis

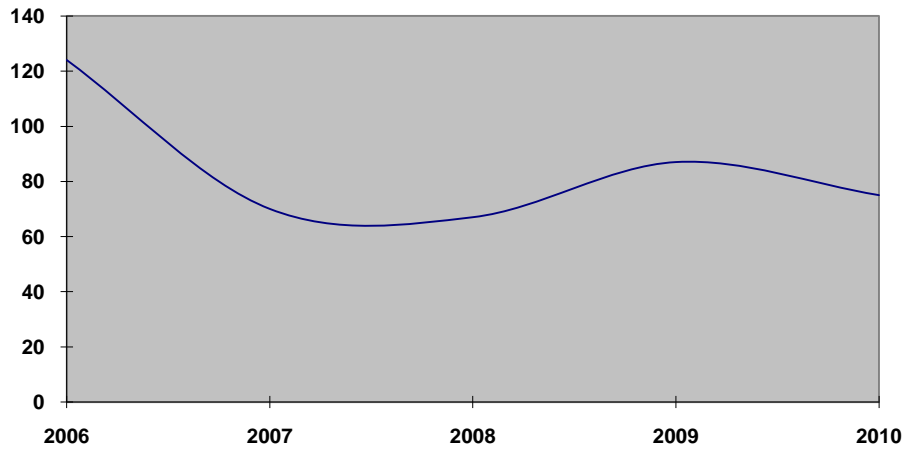
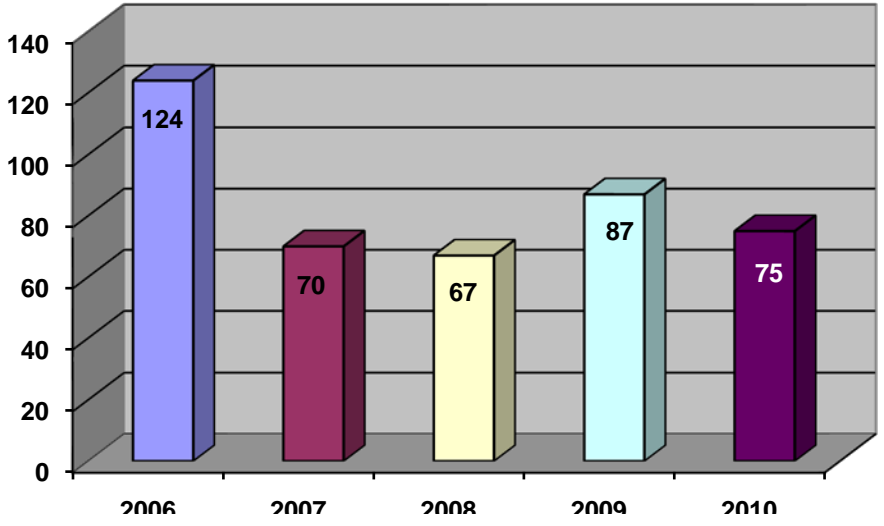
ICI LTD Claims



Musculoskeletal	51
Mental Disorders	31
Nervous System	17
Neoplasm	19
Circulatory System	8
Ill-Defined Conditions	5
Immune Disorders	4
Injury	4
Infectious Diseases	3
Respiratory System	2
Digestive System	3
Genitourinary System	1
Supplementary Class	2

2010 Local ICI Claims Statistics

All Local ICI Claims

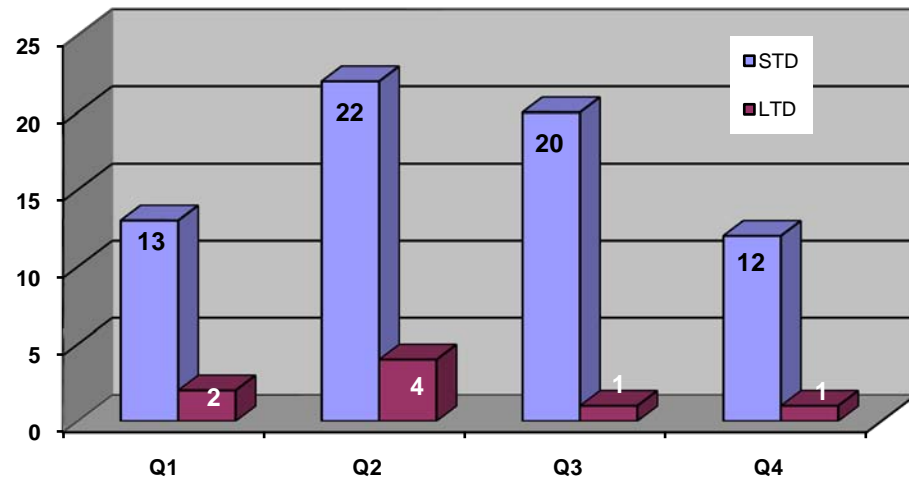


- **New Local ICI claim counts peaked in 2006 and dropped 2 years straight before rising again in 2009**
- **Of the 75 new Local ICI claims in 2010, 67 were STD while 8 new LTD claims were initiated**

2010 Local ICI Claims Statistics

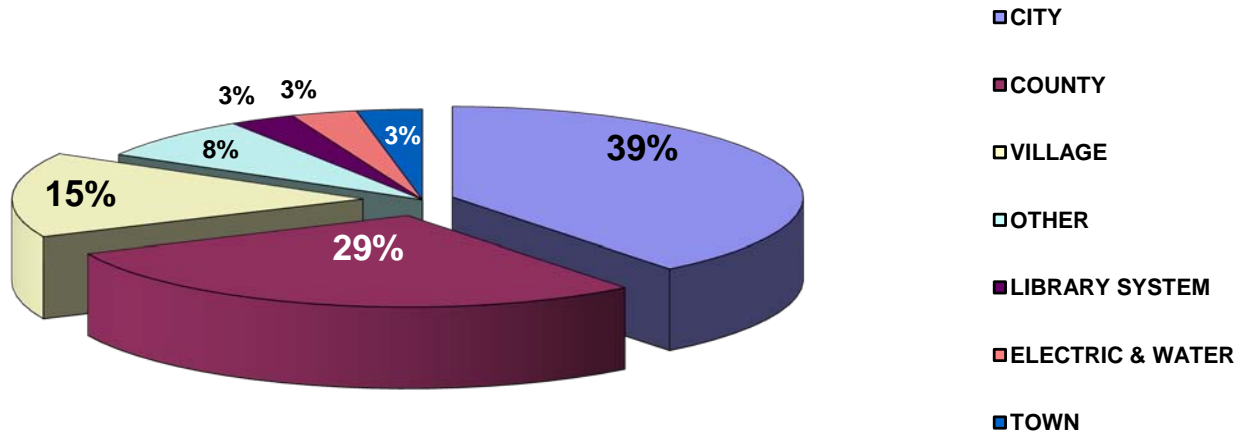
- **67 Local ICI STD claims are a majority of the Local ICI claims**
- **There were 8 Local ICI LTD claims**
 - In 2009, there were 72 STD and 15 LTD

Local ICI by Quarter



2010 Local ICI STD Claims by Employer Type

ICI Local STD

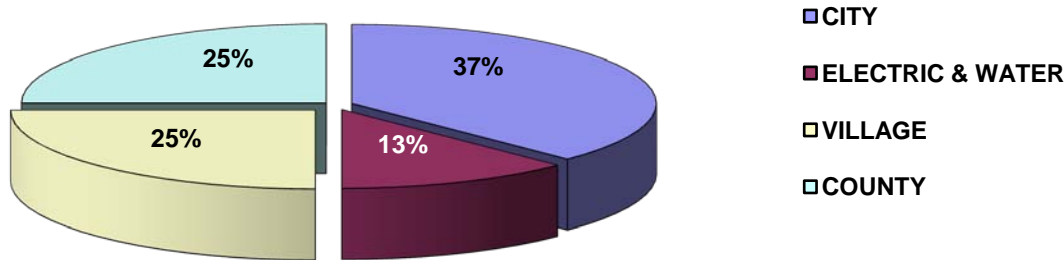


<u>Local</u>	<u>STD Claims</u>
CITY	26
COUNTY	19
VILLAGE	10
OTHER	5
LIBRARY SYSTEM	2
ELECTRIC & WATER	2
TOWN	2
SCHOOL	1

- City, County and Village make up 83% of the new Local ICI STD claims in 2010

2010 Local ICI LTD Claims by Employer Type

ICI Local LTD

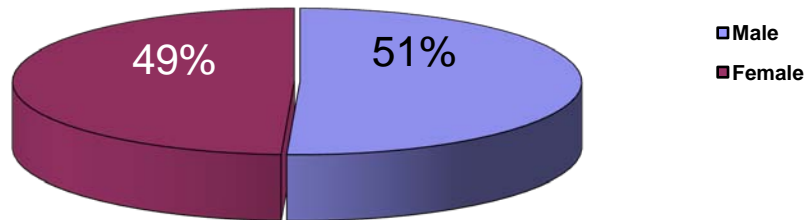


<u>Local</u>	<u>LTD Claims</u>
CITY	3
ELECTRIC & WATER	1
VILLAGE	2
COUNTY	2

Local ICI LTD claims are spread between City, County, Village and Electric & Water

2010 Local ICI Claims by Gender

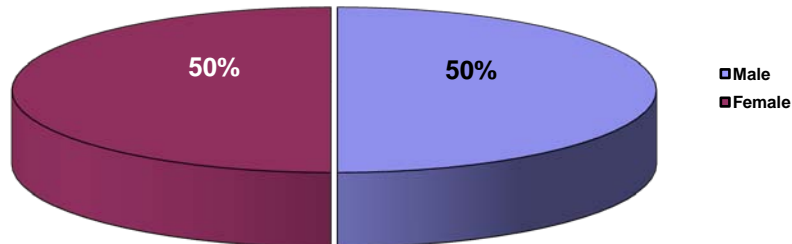
ICI Local STD by Gender



Local ICI STD

- **34** Male
- **33** Female

ICI Local LTD

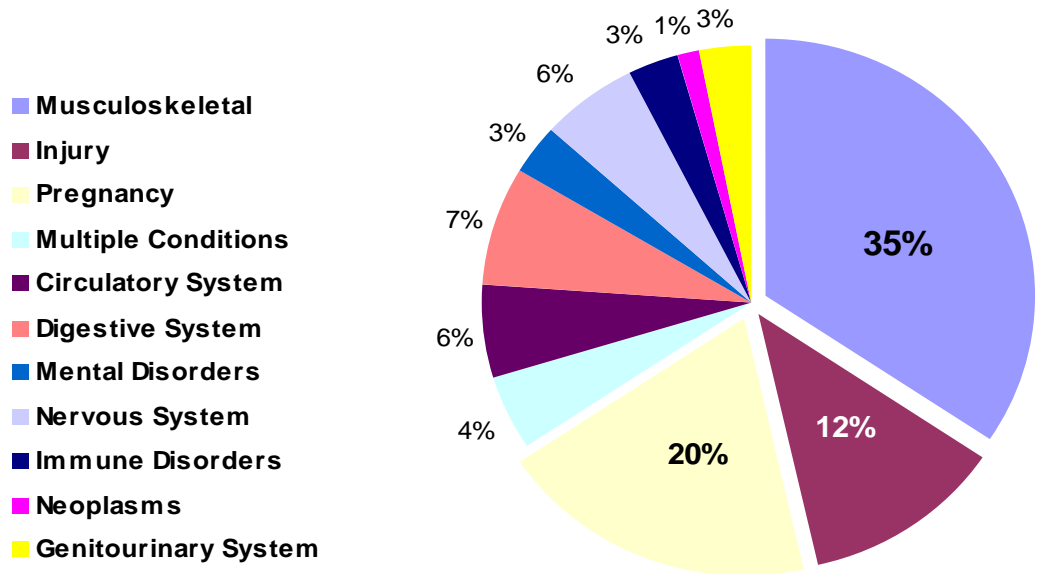


Local ICI LTD

- **4** Male
- **4** Female

2010 Local ICI STD Claims by Disability Type

ICI Local STD by Diagnosis



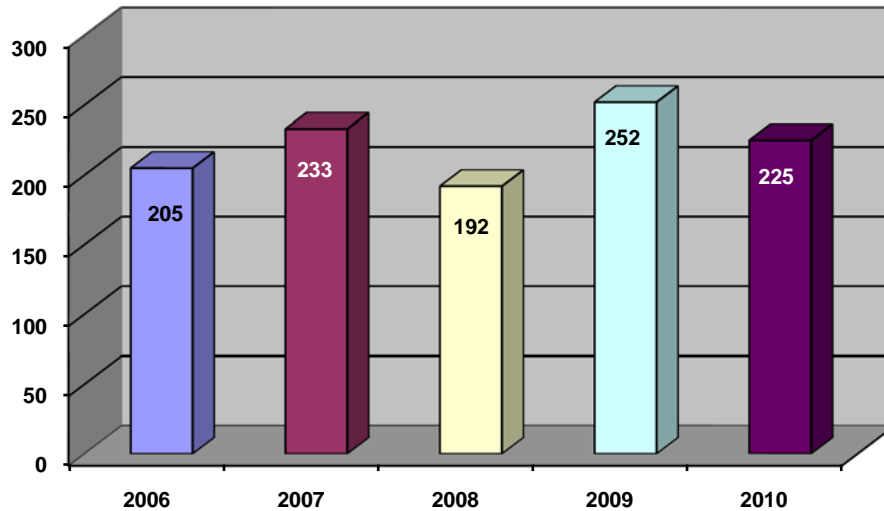
<u>ICD MAJOR</u>	<u># CLAIMS</u>	<u>TOTAL DAYS</u>	<u>Avg. Duration</u>
Musculoskeletal	23	3974	172
Injury	8	923	115
Pregnancy	13	923	71
Multiple Conditions	3	746	248
Circulatory System	4	635	158
Digestive System	5	517	103
Mental Disorders	2	499	249
Nervous System	4	417	104
Immune Disorders	2	348	174
Neoplasm	1	270	270
Genitourinary System	2	95	47

2010 Local ICI LTD Claims by Disability Type

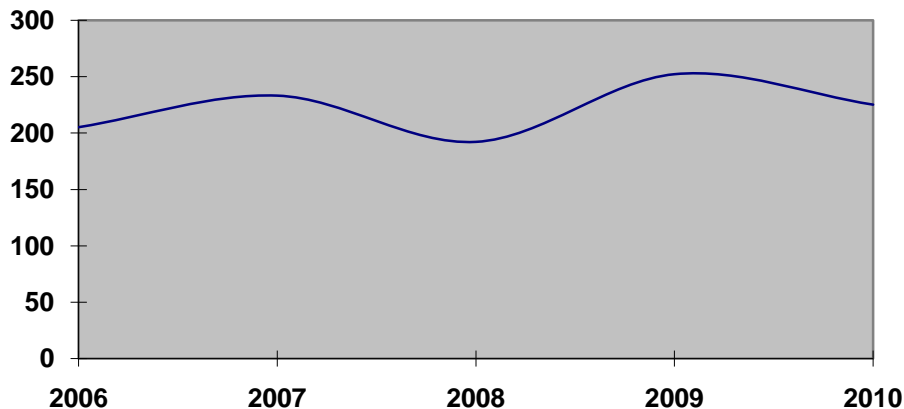
- In 2010 – There were **8 new Local ICI LTD claims**
 - 4 Musculoskeletal
 - 1 Mental Health
 - 1 Multiple Conditions
 - 1 Genitourinary
 - 1 Nervous System
- In 2009 - There were **15 new Local ICI LTD claims**
 - 7 Musculoskeletal
 - 4 Mental health
 - 2 Nervous system /sense organs
 - 1 each - Neoplasm and circulatory
- In 2008 - There was only **1 new Local ICI LTD claim**
 - Ill-defined condition that lasted 8 days
- In 2007 - There were **6 new Local ICI LTD claims**
 - 2 Injury
 - 2 Musculoskeletal
 - 1 Circulatory
 - 1 Genitourinary

2010 New LTDI Claims

2010 New LTDI



LTDI Trending



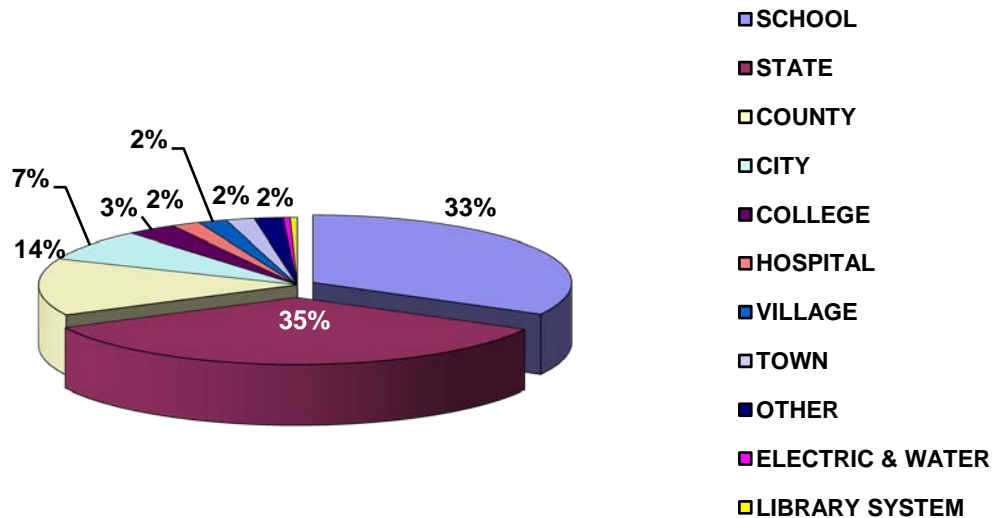
- **5-year data:**

- 2006 - 205 LTDI claims
- 2007 - 233 LTDI claims
- 2008 - 192 LTDI claims
- 2009 - 252 LTDI claims
- **2010 - 225 LTDI claims**

- **LTDI claims show a 24-month increase and decrease pattern in alternating years**

2010 New LTDI Claims by Employer Type

LTDI by Employer

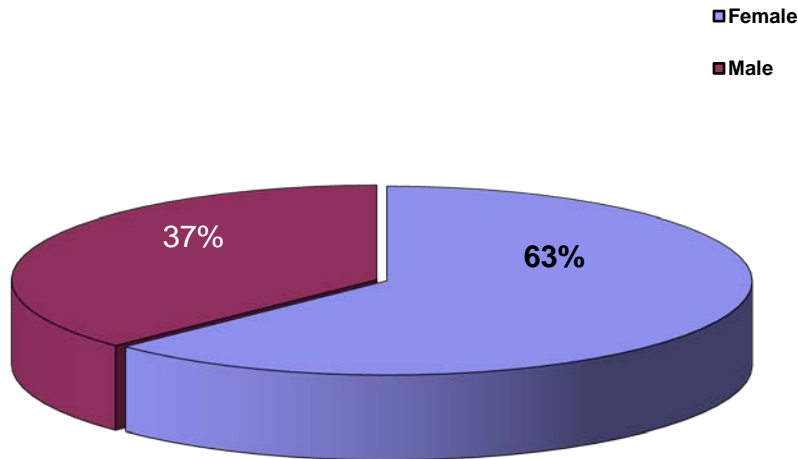


Employer	# Claims
SCHOOL	74
STATE	78
COUNTY	31
CITY	17
COLLEGE	7
HOSPITAL	4
VILLAGE	4
TOWN	4
OTHER	4
ELECTRIC & WATER	1
LIBRARY SYSTEM	1

- **89%** of the LTDI claims were generated out of State, School, County and City
- State employer is again the majority at **34%** (35% in 2009, 40% in 2008)
- School employers make up **33%** (31% in 2009, 26% in 2008)
- County employers make up **14%** (13% in 2009, 16% in 2008)

2010 Claims by Gender - LTDI

2010 New LTDI by Gender

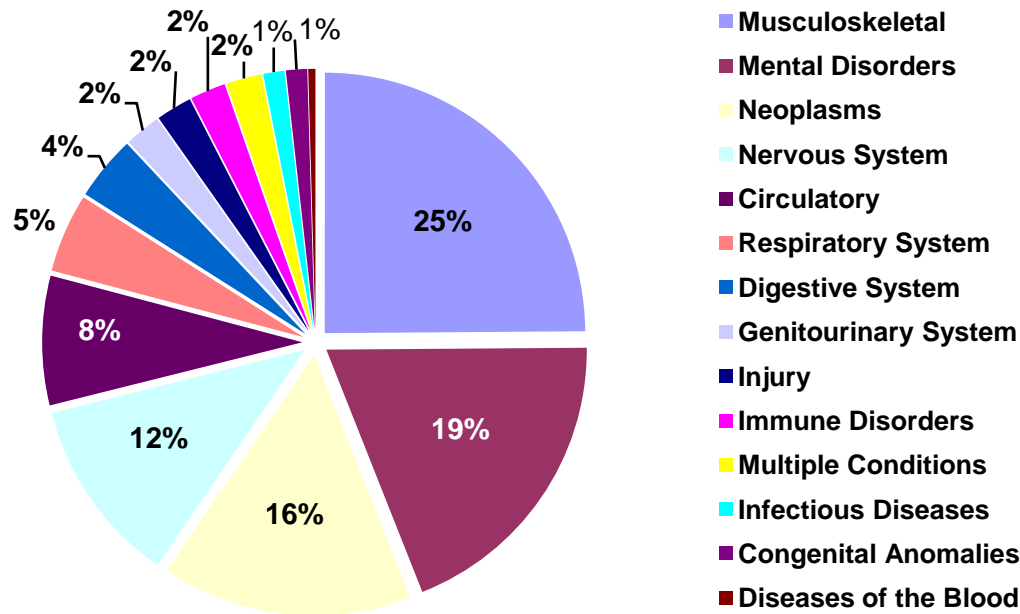


New LTDI Claims

- **141** Female LTDI claims
- **84** Male LTDI claims
- This lines up with WRS population
 - 38% Male
 - 62% Female

2010 New LTDI Claims by Disability Type

2010 LTDI by Diagnosis



Diagnostic Category	# Claims
Musculoskeletal	56
Mental Disorders	43
Neoplasm	35
Nervous System	26
Circulatory	18
Respiratory System	11
Digestive System	9
Genitourinary System	5
Injury	5
Immune Disorders	5
Multiple Conditions	5
Infectious Diseases	3
Congenital Anomalies	3
Diseases of the Blood	1

Active Claims Summary

<u>2010 Plan Type</u>	<u>Total Cost Of Claims</u>	<u>Claims</u>	<u>Average Cost Per Claim (Quarterly)</u>
LTDICI Local	\$343,436.77	48	\$7,154.93
STDICI Local	\$402,553.09	99	\$4,066.19
LTDICI State	\$6,474,935.20	1,037	\$6,243.91
STDICI State	\$9,109,571.44	1,729	\$5,268.69
LTDI	\$20,673,746.34	1,669	\$12,386.91
Total	\$37,004,242.84	4,582	\$8,076.00

- **The 4582 total claims contain both new and existing claims paid in 2010**
- **STD claims transition to LTD after one year**
 - So, in the course of a year as some ICI STD claims transition to LTD, new STD claims are beginning
- **LTD claims last longer**
 - which explains the higher number of active LTD claims compared to new LTD claims
 - and the higher associated cost of those claims



Possible Program Approaches

- **Plan Design – Durations**
 - The State of Wisconsin could focus on ICI STD durations as they are 50 days longer than similarly situated Disability plans (52 week) for STD
 - ETF and Aetna would need to agree to jointly manage an increase in Ombudsperson issues and complaints through the “culture change” if a decision is made to try to reduce claim durations for this program

Approach for 2010



- **Maintain customer service levels**
- **Maintain staffing strength, experience and numbers**
- **Continue to mold Aetna approaches according to the State of Wisconsin's ICI and LTDI programs**
- **Look to ETF/GIB for priority guidance**
- **Protect program strengths while evolving the program**
- **Aetna will continue to value the relationship with the State of Wisconsin GIB and ETF**



Questions & Answers