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CORRESPONDENCE MEMORANDUM


DATE: April 30, 2012
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.

Aetna's Annual ICI and LTDI Program report is attached for your review.

Claims have increased by approximately 9% since 2010. Aetna continues to meet all performance standards. A brief summary is found on page 3 of the report.

Attachment: ICI and LTDI Report

Reviewed and approved by Robert J. Marchant, Deputy Secretary

Signature _____ Date 5-3-12

Board	Mtg Date	Item #
GIB	5.22.12	8E



Group Insurance Board

2011 ICI and LTDI
Program
May 22, 2012



Agenda



- **2011 Projects and Approaches**
- **Executive Summary**
- **Performance**
 - **Customer Service**
 - **Administration**
 - **Claims Experience Overview**
 - **All Claims Paid in 2011**
- **Questions and Answers**

2011 Projects and Approaches

Contract Renewal

- 5-year contract started 1.1.09
- Third year focused on:
 - Continued operational efficiency and
 - Exceeding all customer service measures
 - Staying attuned to ETF's needs

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

- 2009 - 10 incidents all year
- 2010 - Less than 10 incidents
- 2011 - 5 to 10 issues

Customer Service Remains Priority

Executive Summary

▪ Key Customer Service and Reporting Measures

- Aetna answered 10,461 incoming phone calls about disability claims in 2011
 - Calls increased from 2010 by 865
- Aetna met or exceeded standards set for Evidence of Insurability (EOI) approval
- Aetna met or exceeded standards for claim decision turn around times
- Aetna met or exceeded all phone standards for the year and within each quarter.

▪ Claims Study - State ICI, Local ICI, LTDI

- **1886 - Total new claims in 2011 – net claim increase of 171 from 2010**
 - **New State ICI claims increased from 1415 to 1545 (plus 130)**
 - **ICI State STD are a majority of all claims (1381) – 74% of all claims**
 - **New Local ICI claims increased from 75 to 93 (plus 18)**
 - **New LTDI Increased from 225 to 248 (plus 23)**
- Musculoskeletal is the most common diagnostic category for all programs
 - Both in the number of claims and duration (144 days average) and drives 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 (184 days average)
 - Mental health claims become LTD claims about as often as musculoskeletal and last much longer
- Neoplasm are fewer in number but have longer durations at 184 average days
- Nervous System claims are increasing in number and duration - 189 average days.

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
 - **2011 – 5 - 10 contacts – Ombudsperson fielded policy and overpayment questions**
- **Aetna Ombudsperson reported that there were no contacts that required intervention**
- **Experienced Aetna claims staff generally are able to handle issues that in the past required Ombudsperson intervention**

2011 Performance Measures

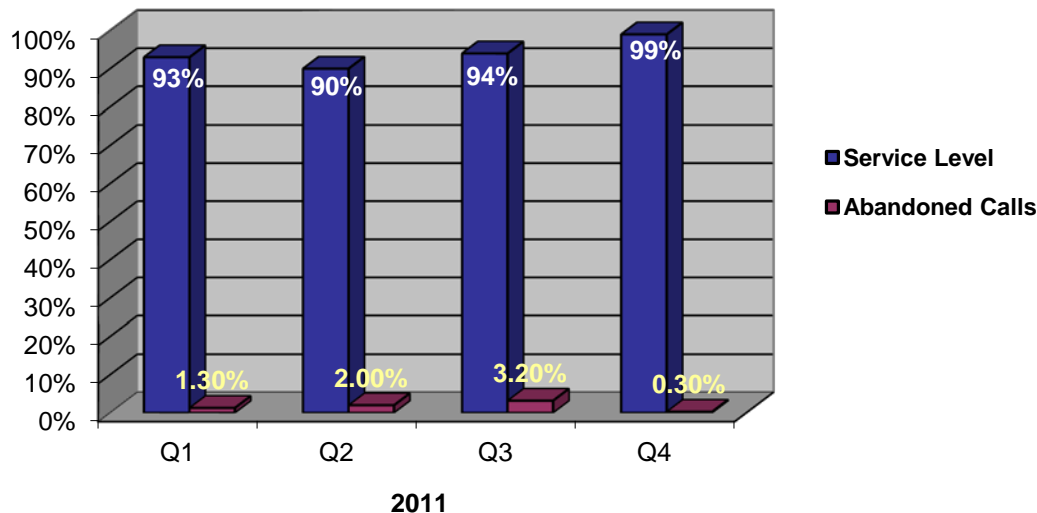


- **Phone Statistics**
 - **2011 Performance**
 - **Five Year Study**
- **Evidence of Insurability - EOI Processing**
 - **Number of Applications**
 - **Approvals and Denials**
- **Customer Service Measurements**
 - **Aetna met annual service levels**
 - **General customer service has been very good**

2011 Telephone Performance

Quarter	Calls Received	Level of Service	Calls Abandoned
1st Quarter	2,387	93%	1.3%
2nd Quarter	2,732	90%	2.0%
3rd Quarter	2,654	94%	3.2%
4th Quarter	2,697	99%	0.3%
Annual	10,461	93%	1.7%

Telephone Performance - 2011



Performance Standards

1. **90% of calls answered within 60 seconds**
 2. **5% or less abandoned calls**
- All call metrics were met or exceeded in 2011.
 - Call level monitoring technology and adjusted staff installed after Q1 of 2010 has resulted in high customer service levels in 2011.

Phone Performance Study

2011 - 5 years



	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Number of phone calls	10,461	9,605	8,646	10,775	11,774
Answered - 60 seconds	93%	93%	90%	94%	84%
Abandoned	1.7%	2.4%	2.9%	1.6%	4.9%

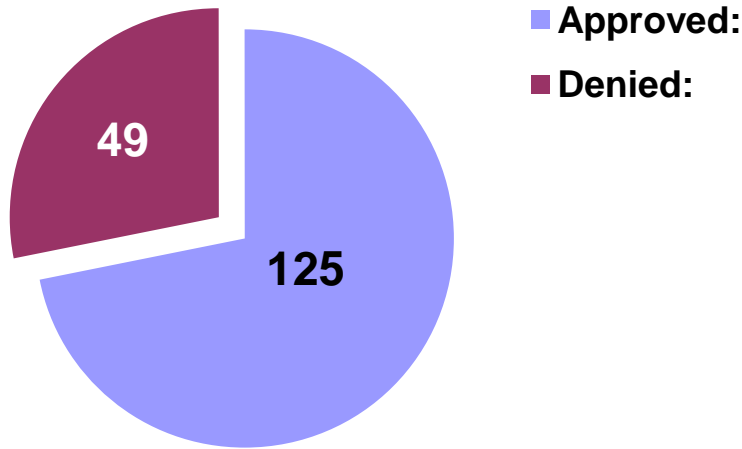
2011 calls increased by 856 from 2010, which is almost 10% increase - but Aetna improved call service performance despite the increase. The reason for more calls was that there were more new claims across all lines of coverage managed by Aetna compared to the last 4 years.

Success is attributed to:

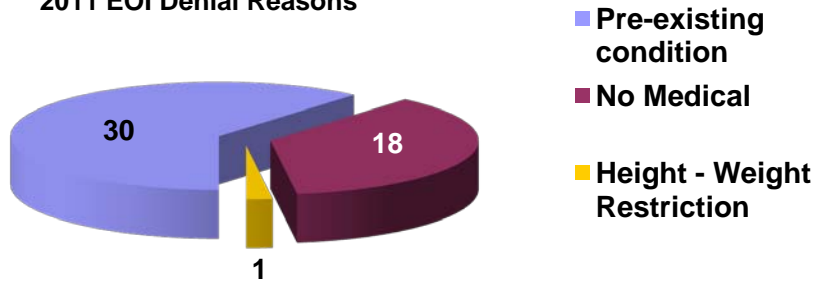
- The “Claim Owner model” - claimant is immediately assigned an Aetna contact for the life of the disability claim which continues to allow for effective customer service and minimal hand-offs. ETF employees can call their claim manager directly and not have to go through a call pool.
- The Aetna phone technology - permits monitoring of call volume by Aetna ETF Operations managers and shifting of resources if volume is exceeding capacity of allocated staff.
- National back up staff and systems in case of power outages, weather issues or other interference with normal operations.

2011 Evidence of Insurability

Total 2011 EOI Received - 174



2011 EOI Denial Reasons



The 2011 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

2011 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

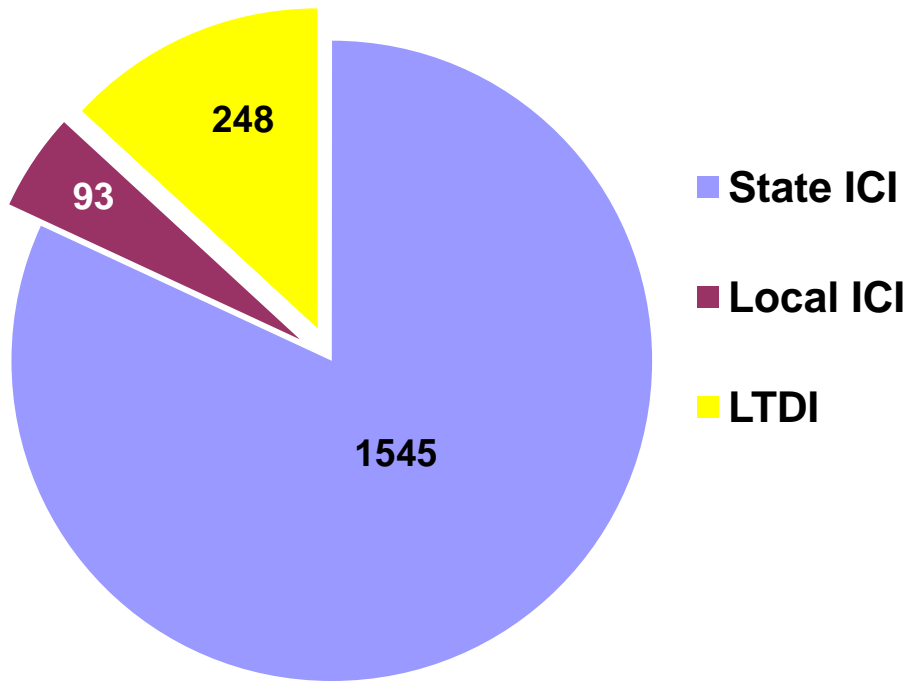
- Claims, Agency, Gender, Diagnostic Categories

c) LTDI

- Claims, Agency, Gender, Diagnostic Categories

2011 Overall New Claims

1886 New Claims in 2011



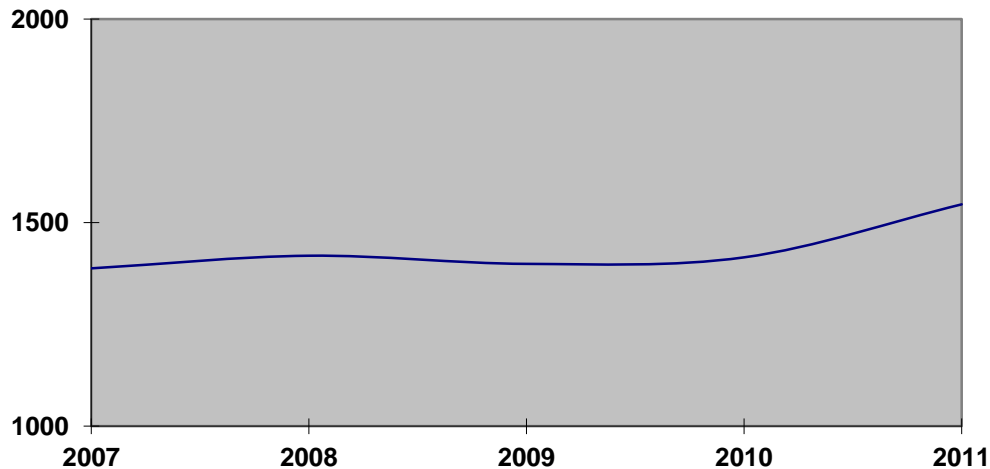
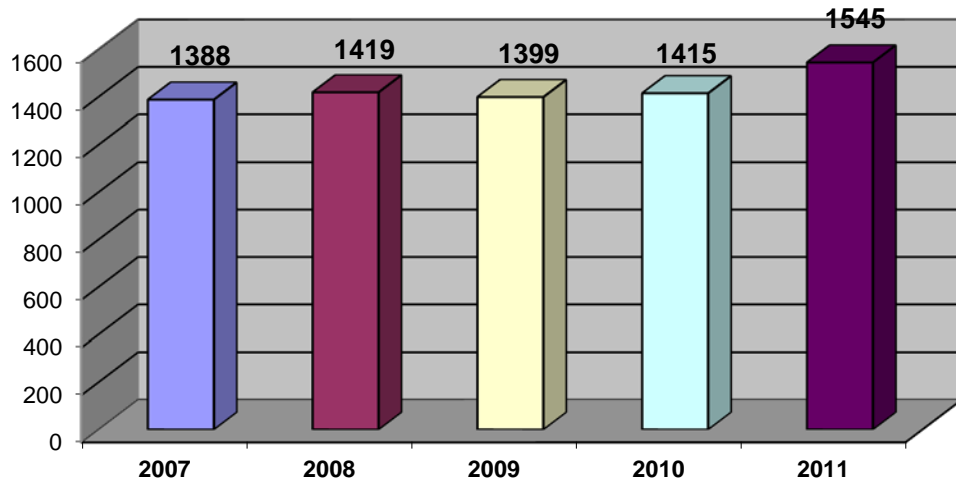
- **State ICI - 1545 claims**
 - 2010 – 1415
 - 2009 – 1399
 - 2008 – 1419
- **Local ICI - 93 claims**
 - 2010 – 75
 - 2009 – 87
 - 2008 – 67
- **LTDI - 248 claims**
 - 2010 – 225
 - 2009 – 252
 - 2008 – 192

▪ **Net increase by 171 claims from 2010**

* *Annual ICI & LTDI data includes claims created in 2011 that have one day of benefits payable in 2011.*

2011 State ICI - 5 Year Trend

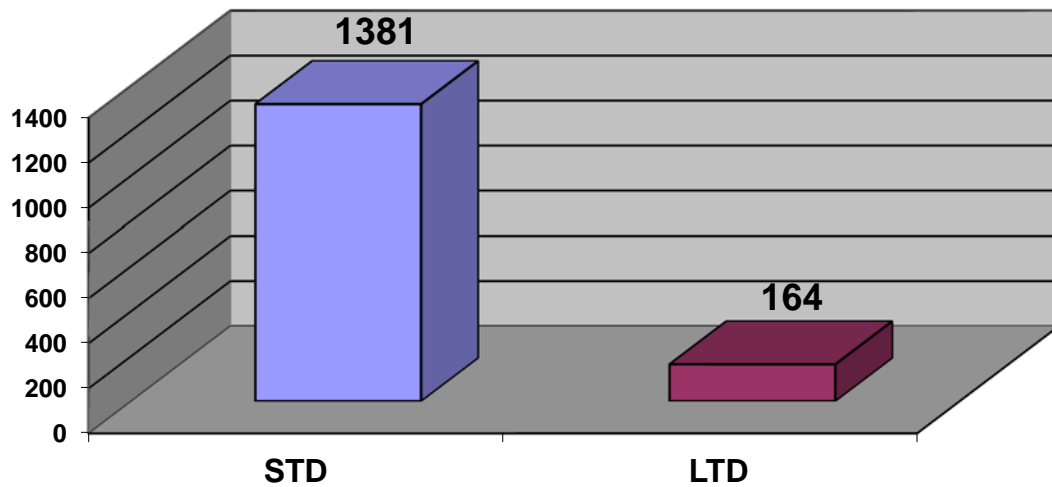
All State ICI Claims- 5 Year Trend



- State ICI claims are **81.9%** of all new claims.
 - This includes both STD and LTD.
- New State ICI claims increased by over 9% in 2011 from previous years.

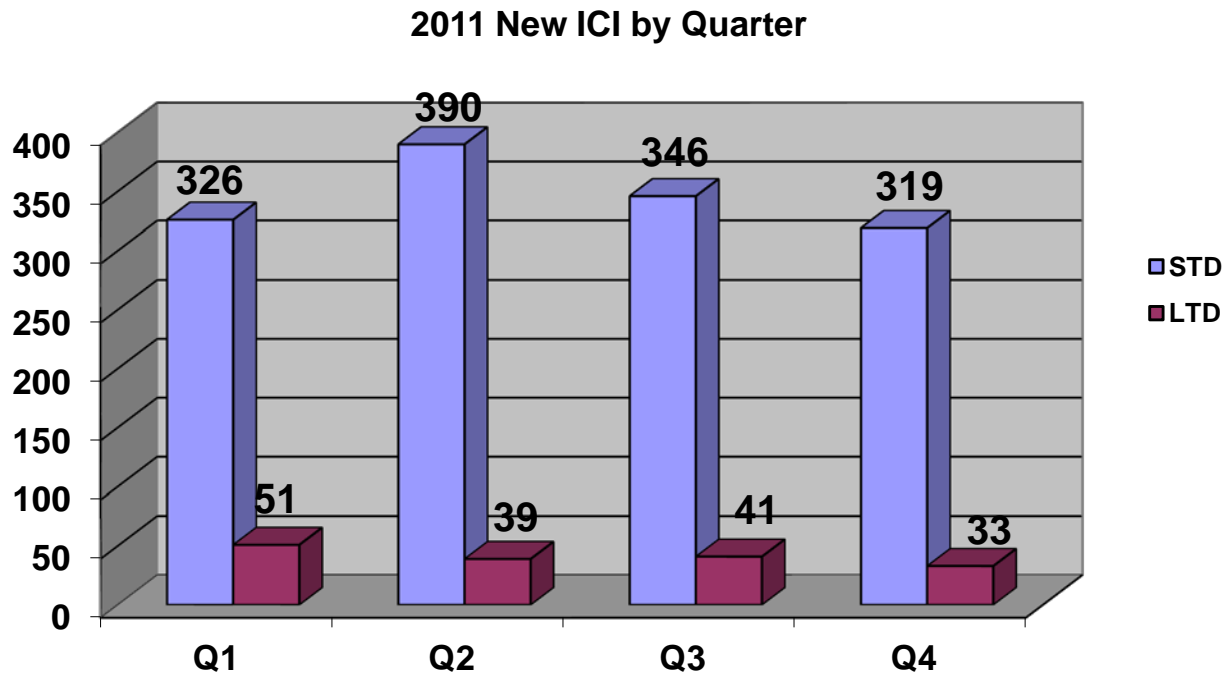
2011 State ICI Program Claim Counts

2011 State ICI STD v LTD



- **1,381 New State ICI Short-Term Disability (STD) claims in 2011**
 - **116 More than 2010.**
- **164 State ICI claims moved into the Long-Term Disability (LTD) phase**
 - **An ICI STD claim becomes LTD after one year**
 - **14 More than 2010**

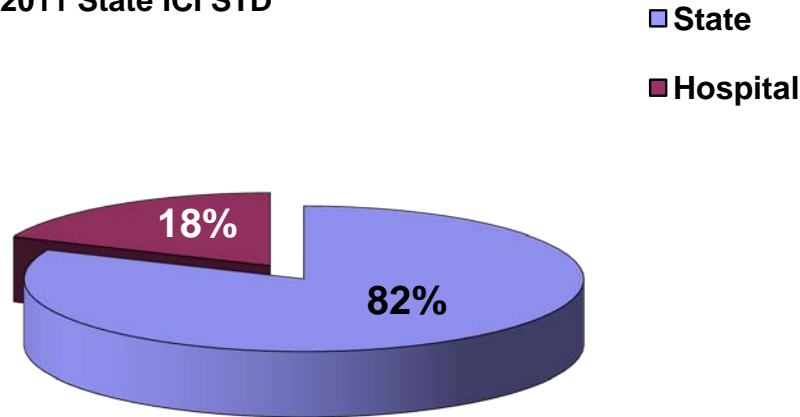
State ICI STD/LTD by Quarter - 2011



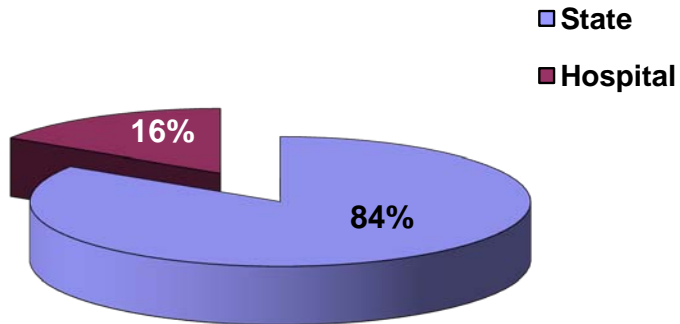
- State ICI claim initiations are fairly consistent for both STD and LTD programs by quarter
- Just over 10% of STD claims will become an LTD claim
- Q2 is consistently the peak timeframe but the variance is mild every year.

2011 State ICI Claims by Employer Type

2011 State ICI STD



2011 State ICI LTD

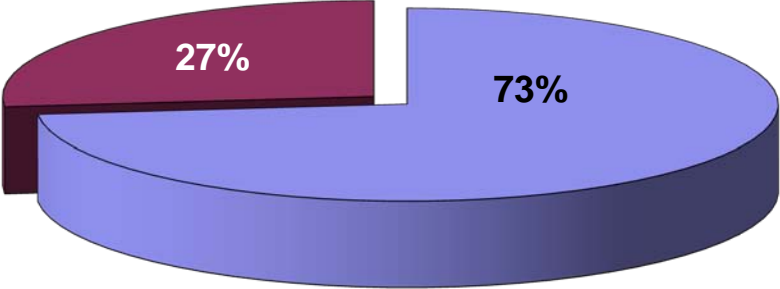


- All State ICI claims are recorded as either
 - State or Hospital
- Of the 1,381 STD claims
 - 1,126 were State
 - 255 were Hospital
- Of the 164 ICI LTD claims
 - 138 were State
 - 26 were Hospital

2011 State ICI Claims by Gender

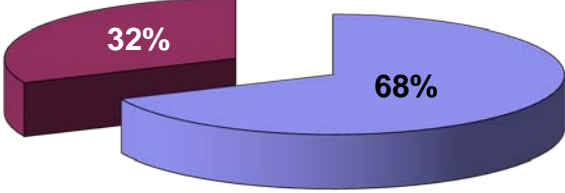
State ICI STD By Gender

- Female
- Male



State ICI LTD by Gender

- Female
- Male



ICI STD

- 1002 Claims - female
- 379 Claims - male
- Maternity as an exclusive category for female - supports the ratio and is common as an STD statistic

ICI LTD

- 112 Claims - female
- 52 Claims - male
- Absence of maternity claims in LTD shifts the ratio of female to male from 3 to 1 in STD to 2 to 1 in LTD

2011 New State ICI STD

Claims by Disability

Top 13 Categories

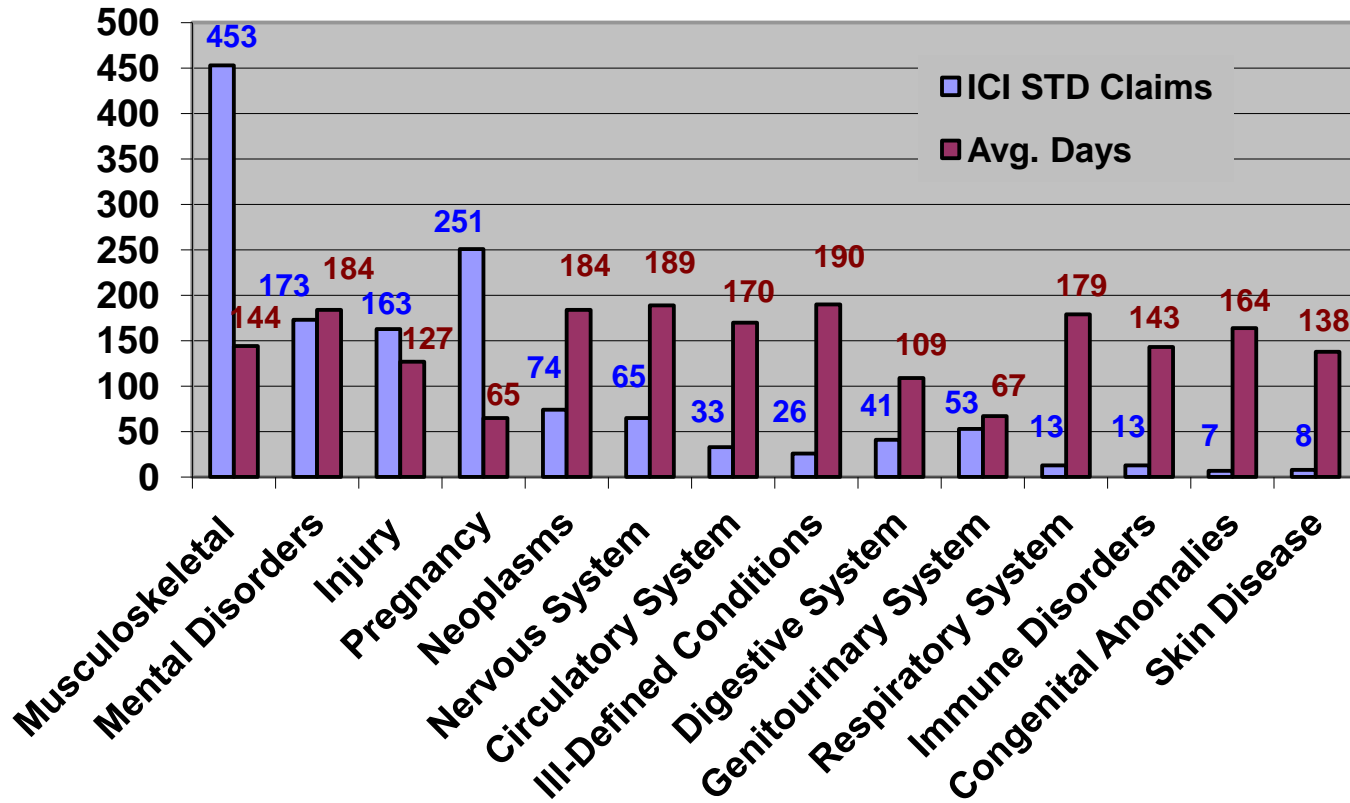
<u>Diagnosis</u>	<u>Claims</u>	<u>Total Days</u>	<u>Avg. Duration</u>
Musculoskeletal	453	65296	144
Mental Disorders	173	31894	184
Injury	163	20796	127
Pregnancy	251	16342	65
Neoplasm	74	13686	184
Nervous System	65	12333	189
Circulatory System	33	5640	170
Ill-Defined Conditions	26	4958	190
Digestive System	41	4494	109
Genitourinary System	53	3568	67
Respiratory System	13	2338	179
Immune Disorders	13	1866	143
Congenital Anomalies	7	1153	164
Skin Disease	8	1106	138

- 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
- Top to bottom order here is displayed according to what diagnosis is the reason for highest to lowest number of days lost for disability
- While pregnancy is second most common claim, it follows mental health and injury claims in terms of total days lost from work by diagnosis
 - Pregnancy claims only last 65 days
 - Mental Health claims last 3 times as long if not more.
- Nervous System claims are becoming more numerous and more serious. These claims are the result of **Parkinson's Disease, Multiple Sclerosis** and complications from **Diabetes**.

Diagnostic Categories and Durations

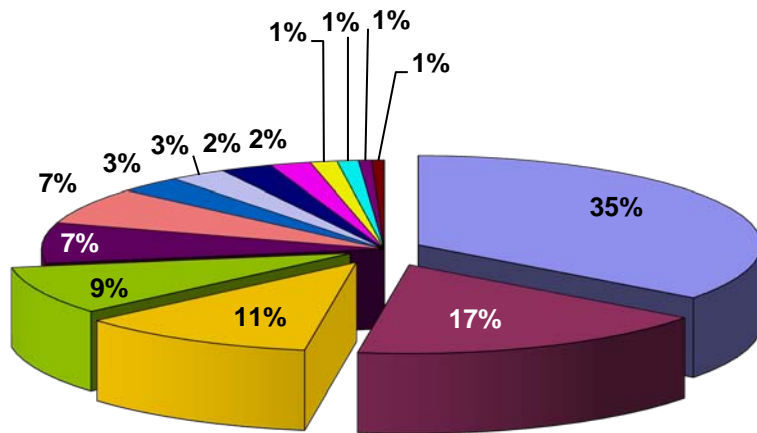
2011 ICI STD

2011 ICI STD Claims and Durations



State ICI STD Diagnosis as a Percent of Days Lost Top 14

Total Days Lost by dx



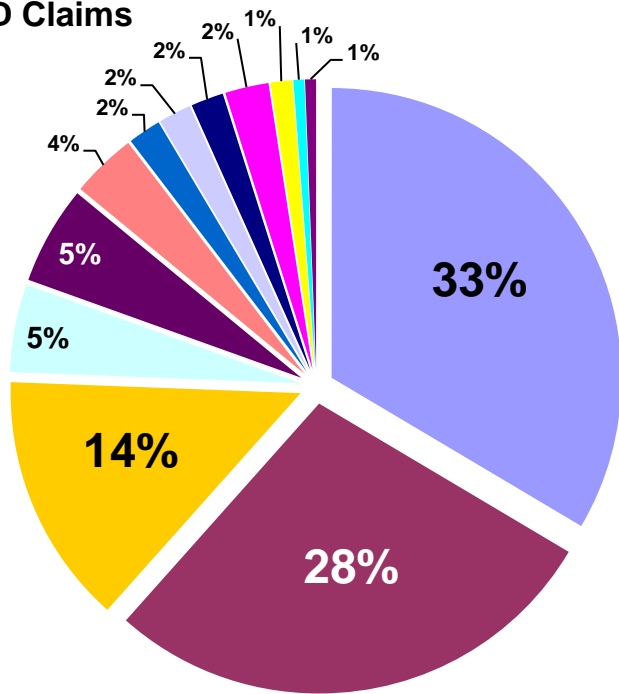
- Musculoskeletal
- Mental Disorders
- Injury and Poisoning
- Pregnancy
- Neoplasms
- Nervous System
- Circulatory System
- Ill-Defined Conditions
- Digestive
- Genitourinary
- Respiratory
- Immune Disorders
- Congenital Anomalies
- Skin Disease

- 4 Diagnostic categories generate 72% of the days lost to new STD claims in 2010:

- Musculoskeletal
- Mental Disorders
- Injury
- Pregnancy

2011 State ICI LTD Claims by Diagnosis

ICI LTD Claims

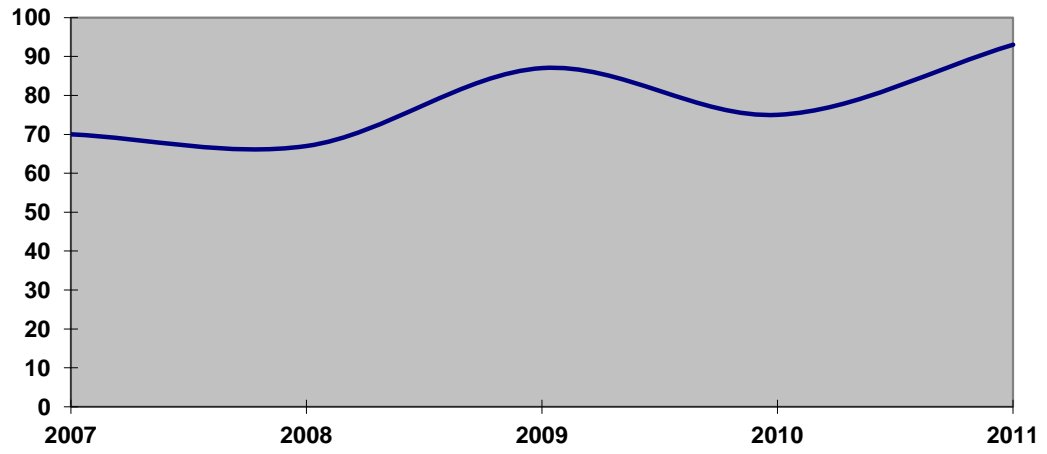
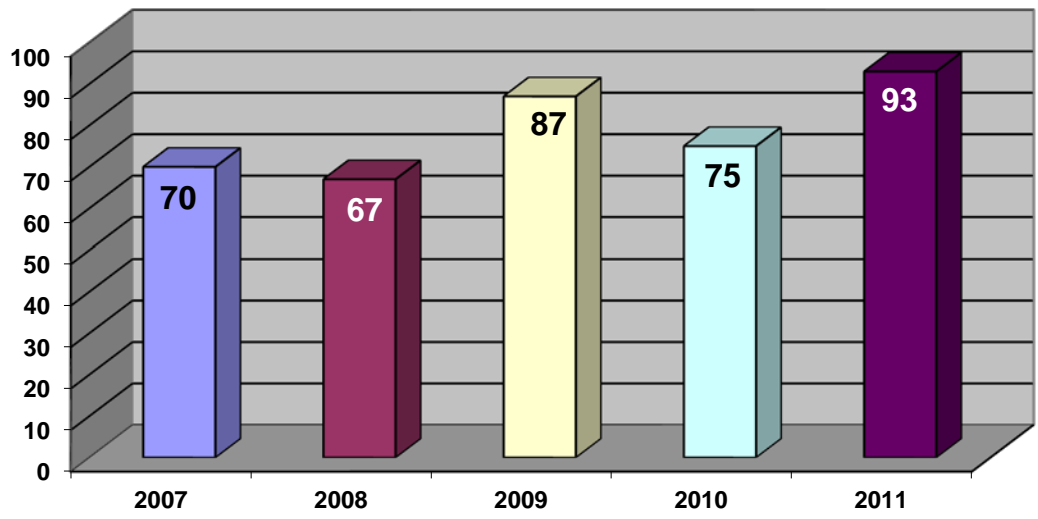


- Musculoskeletal
- Mental Disorders
- Nervous System
- Circulatory System
- Neoplasms
- Injury
- Genitourinary
- Ill-Defined Conditions
- Digestive System
- Endocrine
- Respiratory
- Congenital Anomalies
- Infectious Disease

Musculoskeletal	55
Mental Disorders	46
Nervous System	23
Circulatory System	8
Neoplasm	9
Injury	6
Genitourinary	3
Ill-Defined Conditions	3
Digestive System	3
Endocrine	4
Respiratory	2
Congenital Anomalies	1
Infectious Disease	1

2011 Local ICI Claims Statistics

All Local ICI Claims

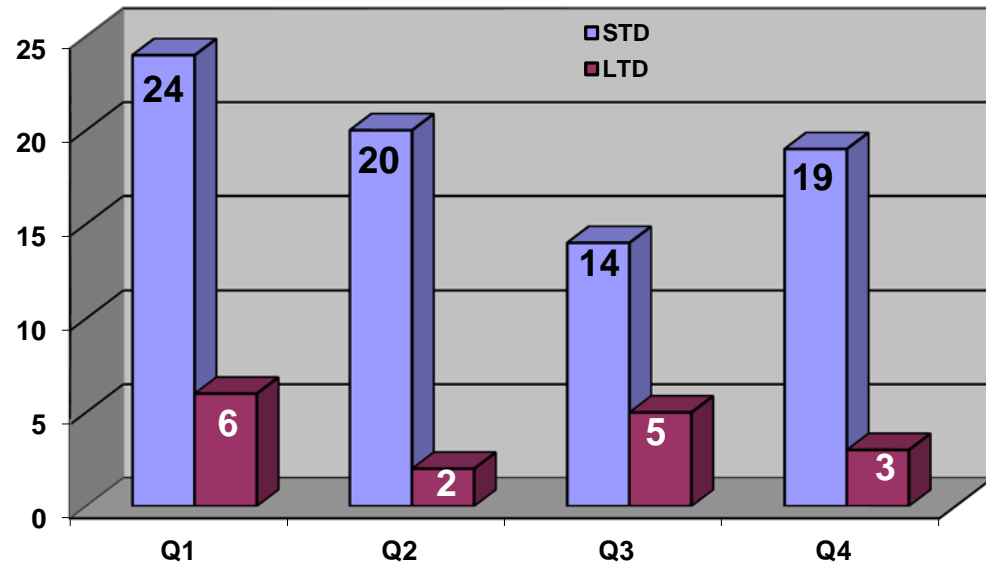


- **New Local ICI claim counts increased in 2011 by 18.**
- **There is a general trend of increase on display over a 5 year period for the product.**
- **77 new Local ICI were STD and 16 were LTD.**

2011 Local ICI Claims Statistics

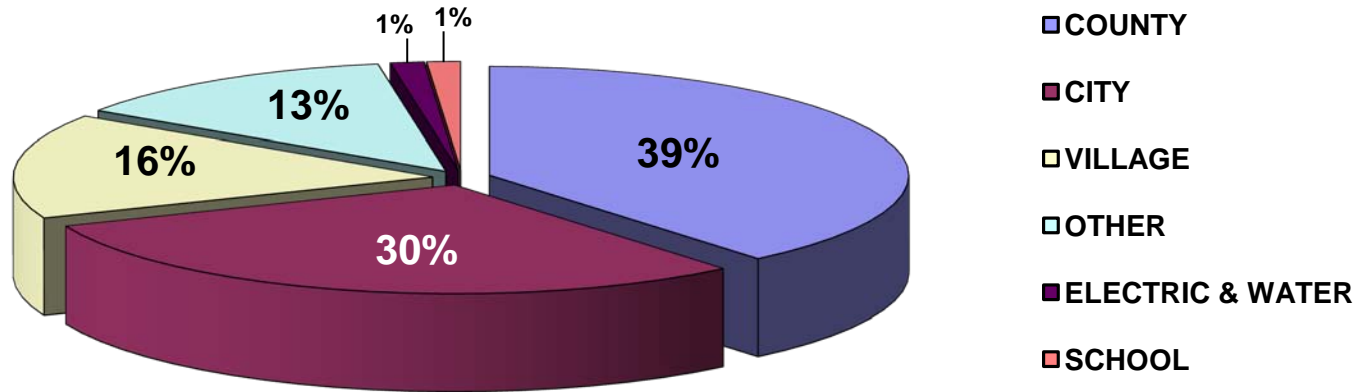
- **77 Local ICI STD** claims are a majority of the Local ICI claims
 - 10 more than 2010
- There were **16 Local ICI LTD** claims
 - This is double 2010 number.
 - In 2009, there were 72 STD and 15 LTD

Local ICI by Quarter



2011 Local ICI STD Claims by Employer Type

ICI Local STD

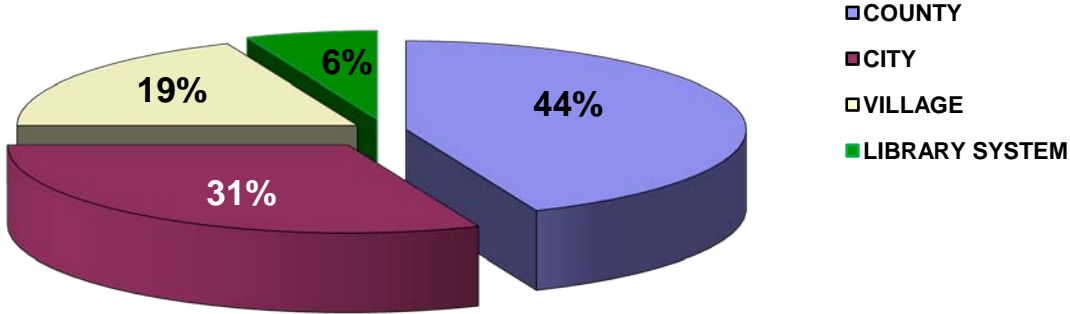


Local	STD Claims
COUNTY	30
CITY	23
VILLAGE	12
OTHER	10
ELECTRIC & WATER	1
SCHOOL	1

- **City, County and Village make up 85% of the new Local ICI STD claims in 2011**

2011 Local ICI LTD Claims by Employer Type

ICI Local LTD

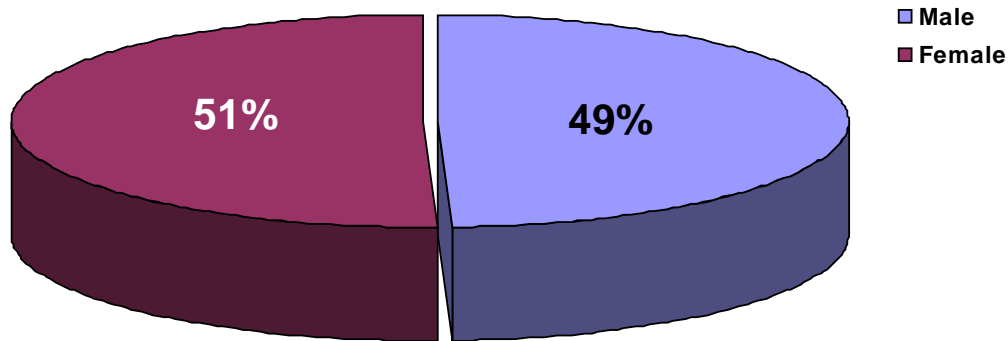


Local	LTD Claims
COUNTY	7
CITY	5
VILLAGE	3
LIBRARY SYSTEM	1

Local ICI LTD claims are spread between County, City, Village and Library System.

2011 Local ICI Claims by Gender

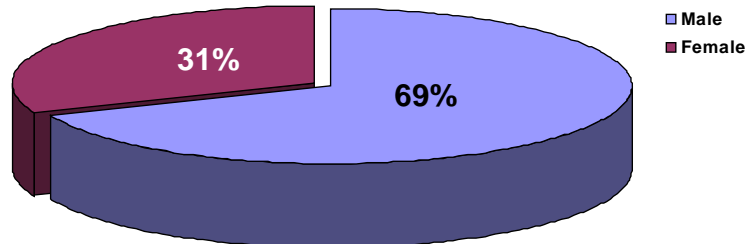
ICI Local STD by Gender



Local ICI STD

- **38** Male
- **39** Female

ICI Local LTD by Gender

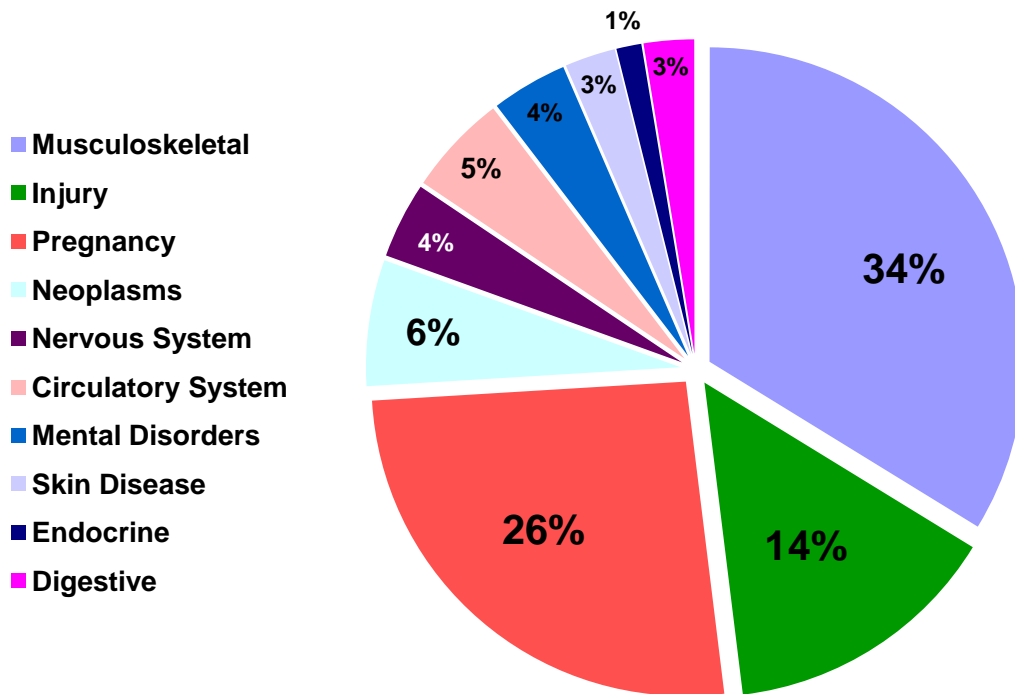


Local ICI LTD

- **11** Male
- **5** Female

2011 Local ICI STD Claims by Disability Type

ICI Local STD by Diagnosis

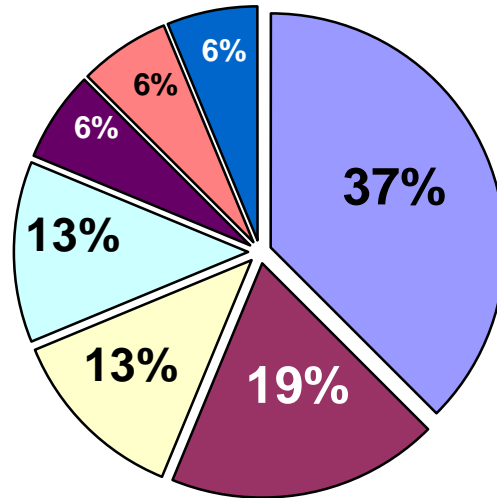


Diagnosis	# Claims	Total Days
Musculoskeletal	26	4404
Injury	11	1898
Pregnancy	20	1345
Neoplasm	5	1337
Nervous System	3	536
Circulatory	4	515
Mental Disorders	3	510
Skin Disease	2	367
Endocrine	1	365
Digestive	2	128

2011 Local ICI LTD Claims by Disability Type

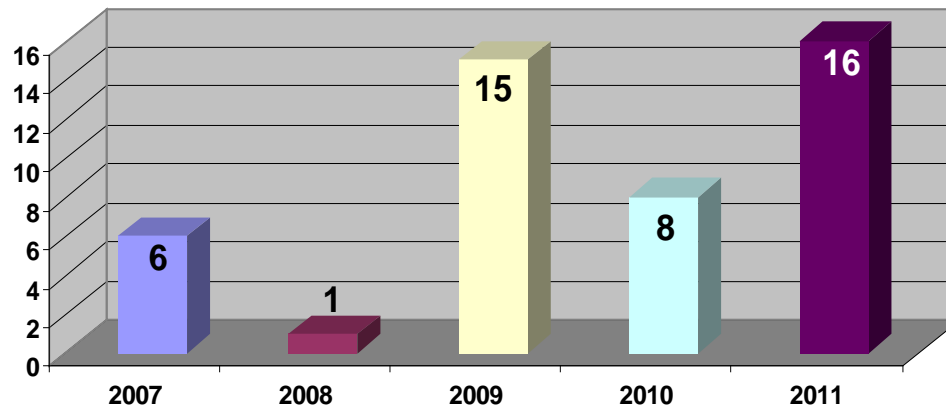
Local ICI LTD Claims by Diagnosis

- Musculoskeletal
- Nervous System
- Injury
- Neoplasm
- Mental Disorders
- Circulatory
- Endocrine



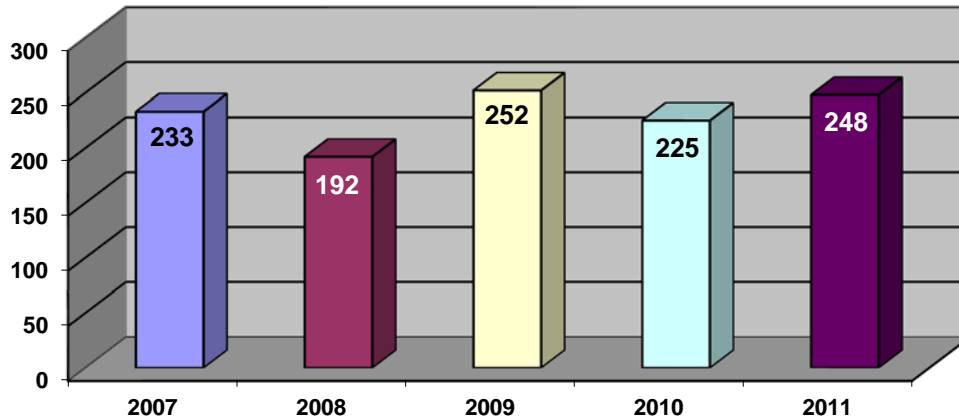
Diagnosis	# Claims
Musculoskeletal	6
Nervous System	3
Injury	2
Neoplasm	2
Mental Disorders	1
Circulatory	1
Endocrine	1

ICI Local LTD 5 year trend

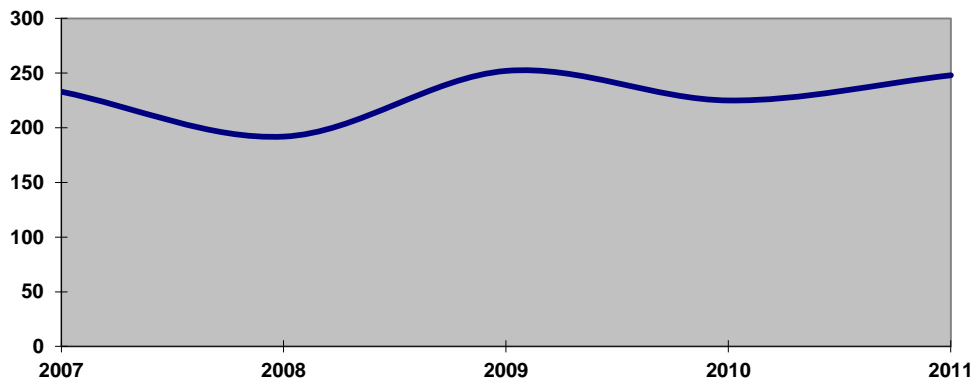


2011 New LTDI Claims

LTDI Claims- 5 Year Trend



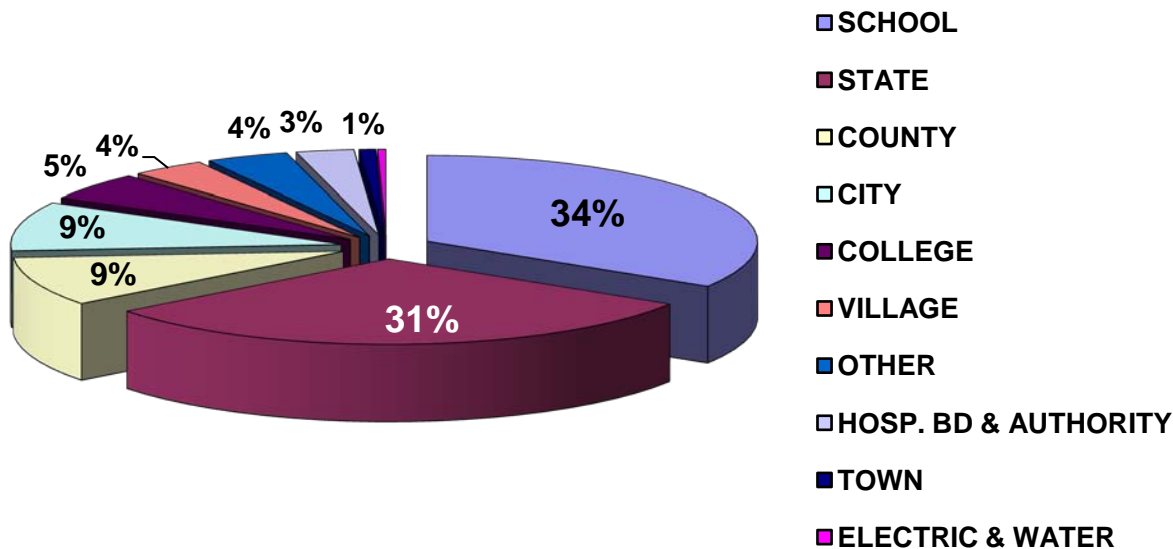
LTDI Trending



- 5-year data:
 - 2007 - 233 LTDI claims
 - 2008 - 192 LTDI claims
 - 2009 - 252 LTDI claims
 - 2010 - 225 LTDI claims
 - 2011 - 248 LTDI claims
- LTDI claims show a 24 month increase and decrease pattern in alternating years.

2011 New LTDI Claims by Employer Type

LTDI by Employer



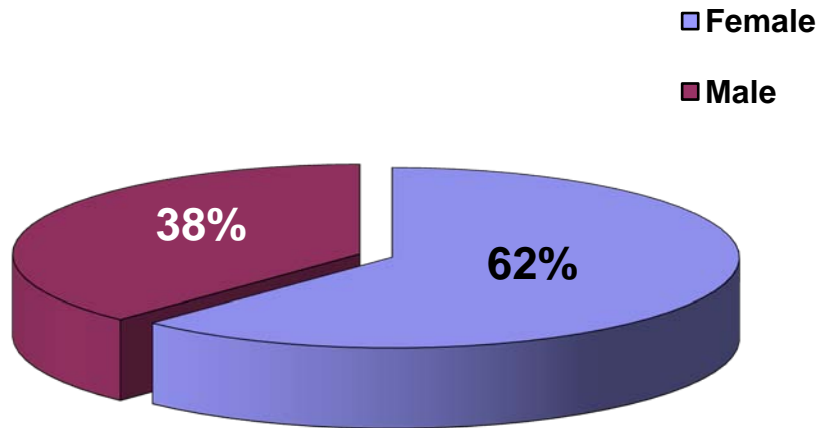
Employer	# Claims
SCHOOL	84
STATE	76
COUNTY	23
CITY	23
COLLEGE	13
VILLAGE	9
OTHER	10
HOSP. BD & AUTHORITY	7
TOWN	2
ELECTRIC & WATER	1

83% of the LTDI claims were generated out of School, State, County and City

- School employers make up **34% of LTDI new claims**
 - **slight majority of LTDI for the first time in recent history** (33% in 2010, 31% in 2009, 26% in 2008)
- State employer dropped from 34% in 2010 to 31% in 2011 (34% in 2010, 35% in 2009, 40% in 2008)
- County and City employers make up **18%** - **City has increased from 2010 while county has decreased.**

2011 Claims by Gender - LTDI

2011 New LTDI by Gender

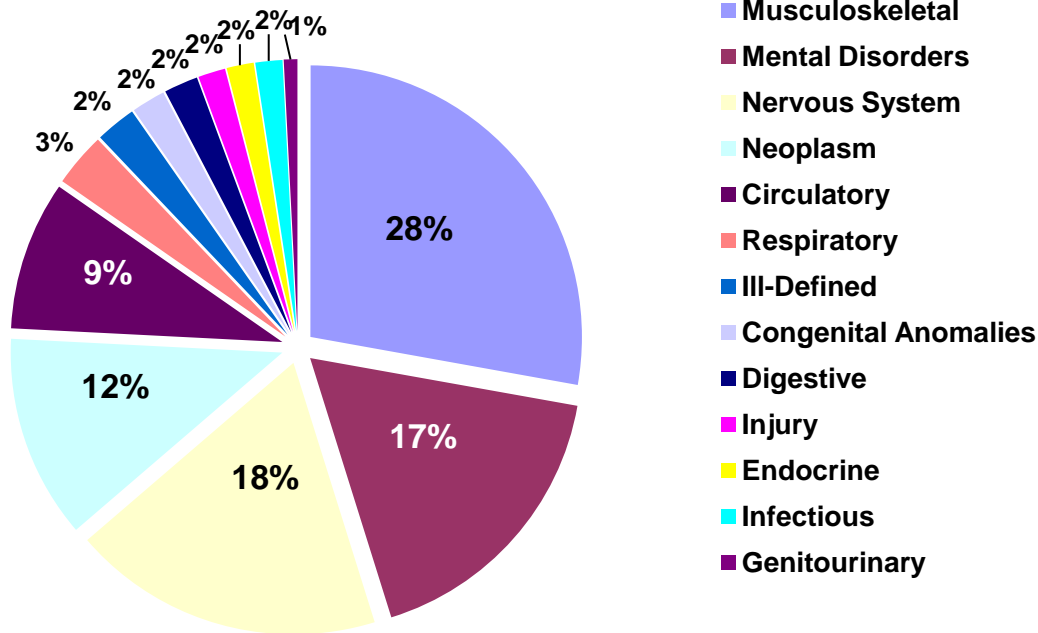


New LTDI Claims

- **154 Female LTDI claims**
- **94 Male LTDI claims**
- This lines up with WRS population
 - 38% Male
 - 62% Female

2011 New LTDI Claims by Disability Type

New LTDI by Diagnosis



Diagnosis	# Claims
Musculoskeletal	69
Mental Disorders	43
Nervous System	46
Neoplasm	30
Circulatory	22
Respiratory	8
Ill-Defined	6
Congenital Anomalies	5
Digestive	5
Injury	4
Endocrine	4
Infectious	4
Genitourinary	2

Active Claims Financial Summary

<u>2011 Plan Type</u>	<u>Total Cost Of Claims</u>	<u>Number of Claims</u>	<u>Average Cost Per Claim</u>
LTDICI Local	\$302,741.99	53	\$5,712.11
STDICI Local	\$486,193.66	102	\$4,766.60
LTDICI State	\$7,387,255.41	1,067	\$6,923.39
STDICI State	\$9,463,361.59	1,868	\$5,066.04
LTDI	\$22,630,703.31	1,870	\$12,101.98
Total	\$40,270,255.96	4,960	\$8,119.00

<u>2010 Plan Type</u>	<u>Total Cost Of Claims</u>	<u>Claims</u>	<u>Average Cost Per Claim</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 4960 total claims contain both new and existing claims paid in 2011. These are not just new claims but rolling numbers with snapshot taken at the end of the calendar year.
- Numbers are based on claims that had a benefit check cut in the year 2011.
- **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

2011 Summary

- All lines of coverage grew in number of new claims
 - First time in over 5 years this has occurred
- Improved Customer Service
 - Aetna handled the increases without any operational impact and actually improved customer service measures.
- Musculoskeletal claims are wear and tear claims
 - These will increase with an aging population.
- Nervous claims are becoming more prevalent and serious.
 - Incidence of Multiple Sclerosis, Parkinson's Disease and neuropathy due to complications of Diabetes have driven this category.
- Mental health claims remain consistent as a long duration absence diagnosis.

Approach for 2012



- **Build upon customer service levels achieved in 2011.**
- **Continue to position Employee Trust Funds ICI and LTDI programs within Aetna so that it continues to receive best staffing and technology.**
- **Continue to flex Aetna approaches according to the State of Wisconsin's/ETF's needs and environment.**
- **Continue to advocate on behalf of ETF and Group Insurance Board internally at Aetna.**
- **Look to ETF/GIB for priority guidance on program direction.**
- **Aetna will continue to value the relationship with the State of Wisconsin GIB and ETF.**



Questions & Answers