



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: January 8, 2013
TO: Group Insurance Board
FROM: Deb Roemer, Director
Disability Programs Bureau
SUBJECT: Recommendation for Extension of the Income Continuation Insurance (ICI) and Long-Term Disability Insurance (LTDI) Administrative Services Only Contract with Aetna

Staff requests the Group Insurance Board (Board) exercise the option for a two-year extension of Aetna's contract for the administration of the ICI and LTDI plans. Staff also requests the Board direct ETF to negotiate with Aetna to clarify 2014-2015 reporting requirements and administrative costs.

Staff supports the two-year extension of the contract with Aetna. Aetna is the third party administrator (TPA) of the ICI and LTDI programs. Aetna satisfactorily administers both programs in accordance with the agreed-upon standards and according to the terms of the administrative agreement. Aetna meets or exceeds performance standards related to telephone responses, evidence of insurability deadlines, and customer service measurables. Complaints regarding the ICI and LTDI programs are minimal, 10 or less per year from 2009-2012. The majority of complaints relate to duplication of benefits and overpayment issues.

The Wipfli, LLP report on Aetna's compliance for the years 2009 through 2011 indicates that Aetna is compliant with the administrative agreement and revealed no significant exceptions. Wipfli identified minor issues with Aetna's reporting to ETF and ensuring documents are scanned into ETF's systems. These issues have been resolved.

Moreover, as ETF moves forward with the Transformation, Integration, Modernization initiative and contemplates how the LTDI and ICI programs will evolve with the development of a new benefits administration system, it seems prudent to leave the current contract in place. Staff is currently evaluating all programs under its authority. Extending the current contract will enable staff to focus on this evaluation without diverting resources to a new request for proposal process.

Board	Mtg Date	Item #
GIB	2.5.13	6B

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

Signature

1/18/13
Date

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Aetna has the unique perspective and understanding of the needs and expectations required in order to administer these disability programs. All necessary systems, staff, and plan structure are already in place, which allow Aetna to provide the same, uninterrupted, high level of service. Aetna demonstrates the ability to continue to administer the ICI and LTDI plans in a manner that reflects the Board's and ETF's customer service values.

Staff will be at the February 5, 2013 Board meeting to answer any questions.