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CORRESPONDENCE MEMORANDUM

DATE: April 25, 2013
TO: Group Insurance Board
FROM: Deb Roemer, Director
Jim Guidry, Gina Fischer, Ann Suchomel, Policy Analysts
Disability Programs Bureau
SUBJECT: Revisions to the State and Local Income Continuation Insurance (ICI) Plans

Staff recommends the Group Insurance Board (Board) approve revisions to the State and Local ICI plan language with an effective date of January 1, 2014.

Background and Discussion

Staff recommends redesigning the disability programs administered by the Department of Employee Trust Funds (ETF). When the current contract was bid in 2008, the fact that only one company submitted a proposal raised concerns from the Board. The reason for the sole response, we believe, is due to the complexity of the ICI and Long-Term Disability Insurance (LTDI) programs. Staff have been examining what changes could be made to the programs to encourage more competitive bids, enhance efficiency, and minimize the fiscal impact to the Trust Fund. The result is a proposal to redesign the disability programs from the current four programs.

The redesign will follow a three-step approach, starting with modifications to the Income Continuation Insurance Program (ICI), which are presented with this memo. Following this action, additional changes will be proposed at a future Board meeting, including updates to state statutes and administrative rules. The goals of this redesign are to cost-effectively streamline the current benefit programs to increase efficiency, ensure treatment and services are equitably available to all participants, and improve communications to members, employers and vendors.

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

Electronically Signed 5/7/13

| Board | Mtg Date | Item # |
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Step 1 – Income Continuation Insurance Program Plan Language Changes

The first step is a set of recommended changes to the ICI program plan language. These plan language changes are provided in the table accompanying this memo.

Most of the changes are technical or add clarification to existing procedure. Seven of the items involve policy decisions on plan administration. The policy items include:

- *Nurse Practitioners (NPs)*

Modifies the definition of Physician to remove the requirement that a NP must be working under the supervision of a licensed medical doctor, doctor of osteopathy or surgeon. This change will permit NP's to complete disability medical certifications without the necessity of an accompanying physician signature. In Wisconsin, NPs may diagnose and treat patients; provide care from the outset of illness, including comprehensive care; take medical histories; provide physical exams; order labs and other diagnostic tests and procedures; interpret diagnostic tests; and establish management plans for caring for patients with acute and chronic illnesses or diseases. Wisconsin NPs may receive the authority to prescribe or dispense medications within the scope of their practice.

Many ICI claimants, particularly those on maternity leave, are treated by NPs and may not interact with a physician. This change will enable claimants to be medically certified by the person providing their treatment, instead of expending time and money to obtain a physician certification.

- *Deferred Coverage*

Provide a 30-day enrollment period for employees returning from leave of absence (LOA) to enroll in ICI coverage, including supplemental coverage (if eligible). This would apply when employees are eligible to enroll but missed a deferred enrollment period while on LOA. Additionally, once a member's ICI benefit ceases, and their premium payment resumes, this change will provide an equitable opportunity for members to enroll in supplemental coverage if they became eligible for additional employer contribution or supplemental coverage. Supplemental coverage premiums are 100% paid by employees, there is no employer contribution required.

- *Employer Error*

Remove the requirement that if an employee was not properly enrolled due to employer error, the employee must have paid premiums for 12 consecutive months before they can be deemed insured. Employees instead will be required to have started premium payments within 60 days after becoming eligible for ICI

coverage and have continued to pay premiums during the period of improper enrollment.

- *Waiver of Premium*

Modify the date when a waiver of premium for ICI recipients begins. The premium waiver will start the first day of the month on or following the date of initial payment of ICI benefits or upon termination of employment, whichever occurs first. Currently, premium is waived the first of the month on or following the initial payment of benefits. Including termination of employment language reinforces in the plan language that a claim for ICI benefits may still be filed if an employee was disabled prior to termination, even though premium payments have ceased.

Additionally, specify that the premium waiver ends when the LOA ends pursuant to § 40.02 (40). Under current plan language, a premium waiver ends on the last day of the month in which benefits are payable. However, under § 40.02 (40), the employer share of premium cannot begin until the employee has returned to work for 30 days at a minimum of 50% time. This makes the employee responsible for the entire ICI premium for one month. The change in the plan language will enable the end of the premium waiver to coincide with the end of the LOA.

- *Elimination Period*

Require that the performance of incidental work functions will extend the elimination period by one day for every day or partial day spent performing incidental work. Incidental work functions are intended to be rare instances when an employee needs to be present at work during their elimination period for unavoidable meetings, testimony, or taking care of any loose ends. Under the current plan language, if a claimant should return to work, their elimination period would restart. This change will allow the elimination period to be extended for incidental work instead.

- *Estimated Earnings Offsets During Rehabilitative Training*

Eliminate the requirement to reduce ICI benefits by an estimated earnings offset for claimants who have been released to return to work (if the claimant has not returned to work due to attending approved rehabilitative training). This change would remove a disincentive to utilize rehabilitative training.

- *12-Month Claim Filing Deadline*

Change the time frame used when considering whether a claim is filed in a timely manner. Currently a claim for ICI benefits must be filed within 12 months from the first date of disability. The proposed change would require a claim to be filed within 12 months of the last day paid. This would remove ambiguities in determining the date of disability and give participants more time to apply for ICI in instances where a disability was not manifested fully after the first date of disability. It would also remove ambiguities in cases where ongoing medical treatment has not been successful enough to avoid applying for a disability benefit, or in cases where a claimant delays applying for ICI benefits because they are receiving temporary total disability worker's compensation payments.

- *Social Security Disability Insurance (SSDI) Benefits -- Member Assistance*

Staff is exploring services available through the current ICI/LTDI vendor to assist members with the SSDI application process. Participants often find it difficult to navigate the SSDI application process. Assisting our members with this issue has the potential to expedite the process, help our members attain the SSDI benefit and avoid overpayment of WRS benefits.

- *Technical/Clarification Changes*

The following changes address technical questions accumulated over the lifespan of the current plan language (e.g., instances where the plan language did not explicitly provide guidance). The changes provide more detail on existing practices in administering the ICI program. These changes will help streamline the claims process by reducing ETF/contractor communications regarding uncertainties within the ICI plan language.

- Clarify that the definition of UW Faculty Plan includes academic staff.
- Create a definition for "Incidental Work Functions".
- Clarify that Supplemental Coverage deferred coverage enrollment is available to an employee currently enrolled in basic ICI coverage during any subsequent deferred coverage enrollment period if they are eligible for the coverage.
- Clarify that Supplemental Coverage is not permanent. If an employee's salary falls below \$64,000, supplemental coverage is discontinued. Additionally, if the employee's salary subsequently rises above \$64,000, Supplemental Coverage may be reestablished during the next deferred coverage enrollment period.
- Clarify that if January 30 falls on a weekend day during the deferred coverage enrollment period, the ICI application is due on the next business day.

- Clarify that Waiver of Premiums also applies to any employer share of premiums in addition to the employee share.
- Clarify that Limited Term Employees are only eligible to enroll in Premium Category 1.
- Replace incorrect wording in 2.10 (3), and eliminate reference to a non-existent subchapter in 2.14 (1) of the ICI plan language.
- Specify that an employer liability law includes Duty Disability benefits for the purposes of integrated benefits and offsets.
- Clarify that Premium Category 3 is not a permanent plateau and an employee will not remain eligible for employer premium contributions if their accumulated sick leave falls below the number of hours required for eligibility.
- Clarify that ICI benefits for employees without access to sick leave will not begin until the amount of days passed is equivalent to the amount of accumulated sick leave or 130 days, whichever is less.
- Clarify that earnings are offset as of the date of payment and sabbatical payments are offset if paid after the elimination period.
- Clarify that VA benefits, non-WRS retirement benefits, and payments for longevity pay and uniforms are not offsets to ICI benefits.
- Clarify that if a claimant is receiving both WRS disability and SSDI, continued proof of disability is only required if both benefits are terminated.

Step 2 – Update of ICI, LTDI and Disability Annuity Programs

Step two of the redesign initiative would make substantive changes to the ICI, LTDI, and 40.63 Disability Retirement programs. These changes require legislative and/or administrative rule changes. The changes are designed to cost-effectively streamline the programs and make them more equitable with other programs for retirees. Staff will be presenting these concepts in more detail at a future Board meeting.

- ICI
 - **Remove accumulated sick leave requirements from the ICI program**
 - Shift ICI to an elimination period based premium structure.
 - Create one ICI program for state and local government employers.
- LTDI
 - **Repeal LTDI**
 - We believe this to be a duplicative program.
 - Recent U. S. Supreme Court decisions indicate LTDI is no longer necessary.
 - §40.63 continues to be a popular choice for eligible participants.

- We have experienced issues trying to attract bids from third party administrators.

OR

- **Change LTDI Death Benefits** (in lieu of repealing LTDI)
 - Provide WRS active death benefit for LTDI recipients (currently only the employee required contributions are paid in a death benefit).
- **Optional Election of Coverage** (in lieu of repeal of LTDI)
 - Provide LTDI claimants who are eligible for a WRS disability annuity (40.63) the option to withdraw their claim if it was made in error. This usually occurs when a claimant is not aware they were eligible for a 40.63 annuity.
- Disability Annuities (§ 40.63 Wis. Stat.)
 - **Assumed Service**
 - Modify calculation (contingent on LTDI repeal).
 - **Disability Annuity Effective Dates**
 - Treat lump-sum payments the same as a regular WRS retirement.

Step 3 – Redesigned Disability Program

Steps 1 and 2 will begin the process of streamlining the programs. Step 3 would create a totally redesigned system providing one income replacement program that consists of a short-term and a long-term disability benefit for all state and local government employees. The plan will have a single service requirement, a single definition of disability, single premium structure, and single benefit calculation.

This step is contingent upon completion of the first two steps. However, the Board may decide that once Step 2 is completed, the programs have achieved the desired level of efficiency and that the final step is not necessary. Additionally, changes to §40.63 would involve the participation of both the Wisconsin Retirement Board and the Teachers Retirement Board.

Staff will be at the Board meeting to answer any questions.

- Attachments:
- A. ICI Plan Changes Table
 - B. ICI Plan Appendix

ICI Plan Changes
April 22, 2013
Step 1

| Item | Article/Section | Proposed Change | Type | Comments |
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| 1. | 1.09 "PHYSICIAN" means a medical doctor, doctor of osteopath or surgeon licensed to practice by a state within the United States of America. A licensed PHYSICIAN does not include the CLAIMANT. A PHYSICIAN also includes such other licensed medical professional (for example, a podiatrist, dentist, nurse practitioner, physician's assistant, psychologist) who is acting within the lawful scope of his/her license and performs a service which is supervised by a licensed medical doctor, doctor of osteopath or surgeon (not required for D.P.M. or D.D.S.). | Amend 1.09: "PHYSICIAN" means a medical doctor, doctor of osteopathy or surgeon licensed to practice by a state within the United States of America. A licensed PHYSICIAN does not include the CLAIMANT. A PHYSICIAN also includes such other licensed medical professional (for example, a podiatrist, dentist, nurse practitioner, physician's assistant, psychologist) who is acting within the lawful scope of his/her license and performs a service which is supervised by a licensed medical doctor, doctor of osteopathy or surgeon (not required for D.P.M., or D.D.S., or Nurse Practitioner). | P | Changes the definition of physician to remove requirement that Nurse Practitioners be supervised by a licensed medical doctor, doctor of osteopathy or surgeon. (State and Local ICI Plan) |
| 2. | 1.14 "UW FACULTY PLAN" means a plan that covers UW faculty and others who have a selected elimination period option other than what is available to State EMPLOYEES. | Amend 1.14 "UW FACULTY PLAN" means a plan that covers UW faculty, <u>academic staff</u> , and others who have a selected elimination period option other than what is available to State EMPLOYEES. | C | Clarifies that academic staff are covered under the UW Faculty plan. (State) |
| 3. | 1.17 "INCIDENTAL WORK FUNCTIONS" | Create 1.17: <u>"INCIDENTAL WORK FUNCTIONS" means work tasks which are minor or inconsequential. This will be determined by the CONTRACTOR on a case-by-case basis.</u> | T | Creates a definition for incidental work. The term appears in the plan language but is not defined. (State and Local) |

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| 4. | <p>2.03 (2) (g) Deferred Coverage. An EMPLOYEE, who is eligible for deferred coverage, and whose annual salary, as determined under § 2.11 exceeds \$64,000.00 may also apply for SUPPLEMENTAL COVERAGE.</p> | <p>Amend 2.03 (2) (g). An EMPLOYEE, who is eligible for deferred coverage, and whose annual salary, as determined under § 2.11 exceeds \$64,000.00 may also apply for SUPPLEMENTAL COVERAGE <u>during any subsequent ICI deferred coverage enrollment period.</u> <u>An EMPLOYEE, who has standard ICI coverage and receives a salary increase or promotion during the year that causes their annual salary to be greater than \$64,000, is eligible to enroll for SUPPLEMENTAL COVERAGE during any subsequent deferred coverage period.</u></p> | C | <p>Clarifies existing practice that supplemental coverage is not limited to initial eligibility.</p> <p>(State)</p> |
| 5. | <p>2.03 (2) (c) and (d) Deferred Coverage.</p> <p>(c) A deferred coverage application from any other EMPLOYEE shall be received by the EMPLOYER on or before January 30 following the year in which the basis for the change in state contribution occurs. Coverage shall be effective April 1.</p> <p>(d) Any EMPLOYEE, who has a sick leave balance of more than 1040 hours at the end of the calendar year, may be insured by filing an application with the EMPLOYER by January 30 for an April 1 effective date.</p> | <p>Amend 2.03 (2) (c), (d).</p> <p>(c) A deferred coverage application from any other EMPLOYEE shall be received by the EMPLOYER on or before January 30 following the year in which the basis for the change in state contribution occurs. <u>If January 30 falls on a weekend day the application shall be due by the next business day.</u> Coverage shall be effective April 1.</p> <p>(d) Any EMPLOYEE, who has a sick leave balance of more than 1040 hours at the end of the calendar year, may be insured by filing an application with the EMPLOYER by January 30 for an April 1 effective date. <u>If January 30 falls on a weekend day the application shall be due by the next business day.</u></p> | C | <p>Clarifies existing practice that if January 30 falls on a weekend, the application must be filed with the employer by the next business day.</p> <p>(State)</p> |

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| 6. | 2.03 (2) (h). DEFERRED COVERAGE. | Create 2.03 (2) (h): <u>SUPPLMENTAL COVERAGE is discontinued if the annual salary amount falls below \$64,000.00. An EMPLOYEE who has lost SUPPLEMENTAL COVERAGE due to salary reduction may re-apply during any subsequent deferred coverage enrollment period for SUPPLEMENTAL COVERAGE if their annual salary, as determined under § 2.11 exceeds \$64,000.00.</u> | C | Clarifies existing practice that if an employee's salary falls below \$64,000, the coverage is discontinued. Coverage may be reestablished if employee's salary goes above \$64,000. (State) |
| 7. | 2.03 (2) Deferred Coverage. | Create 2.03 (2) (i): <u>Eligible employees on leave of absence during the deferred coverage enrollment period have 30 days from their return to work to apply for standard coverage and/or for SUPPLEMENTAL COVERAGE. Employees currently receiving ICI benefits may enroll in SUPPLEMENTAL COVERAGE when they return to work and are no longer receiving ICI benefits.</u> | P | Provides an enrollment opportunity for members to enroll in standard and or supplemental coverage if they miss the deferred coverage period due to being on leave. (State) |
| 8. | 2.03 (3) (a). An insured EMPLOYEE who transfers employment from one state agency to another, within thirty (30) days, must file an enrollment application with the new agency within thirty (30) days of hire to prevent coverage from lapsing. The insured EMPLOYEE, under this provision, whose annual salary as determined under § 2.11 exceeds \$64,000.00 may also apply for SUPPLEMENTAL COVERAGE by giving written notice as indicated in (3). | Create 2.03 (4) (title): <u>TRANSFERS BETWEEN STATE AGENCIES.</u> Create 2.03 (4) (c): <u>Notwithstanding the conditions outlined in par. (a), if an employee moves from one state agency to another as a result of agency mergers, a new application will not be required.</u> | T | Prevents requiring new ICI applications to be completed for employees of reorganized agencies. This change takes existing practice and places it into plan language. (State) |

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| <p>9.</p> | <p>2.03 (6) (a) EMPLOYER ERROR. If, as a result of employer error, an eligible employee has not filed an application for ICI or made premium contributions within 60 day after becoming eligible for ICI coverage, the employee is considered not to be insured for that coverage. The employee may become insured by filing a new application within 30 days after the employee receives from the employer written notice of the error. An employee is not required to furnish evidence of insurability to become insured. An employee becomes insured on the first day of the first month beginning after the date on which the employer receives the employee's new application and upon approval by the DEPARTMENT.</p> <p>(b). An EMPLOYEE who has been paying premiums for a period of twelve (12) consecutive months, even though not properly enrolled, is deemed to be insured. Following DEPARTMENT notice of improper enrollment, insurance shall continue in effect for thirty (30) days during which time proper enrollment must be completed by the EMPLOYEE. Coverage shall cease after thirty (30) days unless proper enrollment has been completed.</p> | <p>Amend 2.03 (6) (a): If, as a result of employer error, an eligible employee has not filed an application for ICI, <u>including SUPPLEMENTAL COVERAGE if eligible,</u> or made premium contributions within 60 days after becoming eligible for ICI coverage, the employee is considered not to be insured for that coverage. The employee may become insured by filing a new application within 30 days after the employee receives from the employer written notice of the error. An employee is not required to furnish evidence of insurability to become insured. An employee becomes insured on the first day of the first month beginning after the date on which the employer receives the employee's new application and upon approval by the DEPARTMENT.</p> <p>(b). An EMPLOYEE who has been<u>began</u> paying premiums <u>within 60 days after becoming eligible,</u>for a period of twelve (12) consecutive months, <u>and has continued to pay premiums,</u> even though not properly enrolled, is deemed to be insured. Following DEPARTMENT<u>EMPLOYER</u> notice of improper enrollment, insurance shall continue in effect for thirty (30) days during which time proper enrollment must be completed by the EMPLOYEE. Coverage shall cease after thirty (30) days unless proper enrollment has been completed.</p> | <p>C, P</p> | <p>Clarifies existing practice by including supplemental coverage in option to enroll after initial date of eligibility, if due to employer error.</p> <p>Replaces 12-month waiting requirement with alternative that does not require that an employee to pay 12 consecutive months in order to be deemed insured. Replace with language that is less burdensome on the employee. <u>Change will require employees to begin paying premiums within 60 days of becoming initially eligible for ICI coverage and that premiums have continued to be paid while improperly enrolled.</u></p> <p>(State and Local)</p> |
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| 10. | <p>2.06 Waiver of Premiums. A CLAIMANT who is TOTALLY DISABLED shall pay no premiums for the coverage period which is the first of the month which occurs on or following the date initial payment of ICI benefits become payable. The waiver of premiums shall continue through the last day of the month in which ICI benefits are payable.</p> | <p>Amend 2.06 to: A CLAIMANT who is TOTALLY DISABLED shall pay no premiums for the coverage period which is the first of the month which occurs on or following the date initial payment of ICI benefits become payable <u>or upon termination of employment, whichever occurs first</u>. The waiver of premiums shall continue through the last day of the month in which ICI benefits are payable <u>the EMPLOYEE's LEAVE OF ABSENCE ends pursuant to §40.02 (40). The EMPLOYER shall not pay the EMPLOYER contribution of premium for same period as the CLAIMANT's waiver period.</u></p> | P,C | <p>Causes waiver of premium to begin when disability occurs or when claim is approved rather than when benefits become payable, which could be much later. Sec. 40.02 (40) Wis. Stat. specifies that LOA ends when the employee has resumed active performance of duty for 30 consecutive calendar days for at least 50% of what is considered that employee's normal work time</p> <p>Also clarifies existing practice that employer contribution is waived for the same period as the employee's.</p> <p>(State and Local)</p> |
| 11. | <p>2.09 (1) Gross Monthly Premiums.</p> | <p>Amend 2.09 (1) to add at the end: The gross monthly premiums as shown in Table I, IV and IV-A shall be based on the earnings level, accumulated sick leave, and appropriate elimination period. <u>Limited-term employees are eligible for ICI coverage under Premium Category 1 only.</u></p> | C | <p>Clarification of existing practice that LTE's are only eligible for Premium Category 1.</p> <p>(State)</p> |

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| 12. | <p>2.10 (1) Employer Contributions. EMPLOYER contributions toward premium shall be made in accordance with the provisions of § 40.05 (5), Wis. Stats., and the rates established in Table I. The determination of State contribution toward premium shall be made in February of each year, based on the total accumulation of unused sick leave recorded and credited in the last complete payroll period in the previous calendar year. Changes in EMPLOYER contribution toward premiums shall be effective for coverage beginning February 1st of each calendar year. (See Section 2.11 to determine average monthly earnings.)</p> | <p>Amend 2.10 (1): EMPLOYER contributions toward premium shall be made in accordance with the provisions of § 40.05 (5), Wis. Stats., and the rates established in Table I. The determination of State contribution toward premium shall be made in February of each year, based on the total accumulation of unused sick leave recorded and credited in the last complete payroll period, that was paid<u>regardless of the date paid</u>, in the previous calendar year. Changes in EMPLOYER contribution toward premiums shall be effective for coverage beginning February 1st of each calendar year. (See Section 2.11 to determine average monthly earnings.)</p> | C | <p>Clarifies existing practice that specifies which pay period applies in the determination of accumulated leave balance to be used for determining the employer premium contribution.</p> <p>(State)</p> |
| 13. | <p>2.10 (3) Employer Contributions. When an EMPLOYEE returns to employment after a period of authorized leave , the State contribution toward premium shall be reinstated at the rate category which was in effect prior to the date the disability began until the EMPLOYEE has worked one full calendar year after which the premium shall be adjusted at the time of the annual adjustment (February 1) or if there has been a permanent change in the EMPLOYEE's percentage of appointment (whichever is earlier). Effective 2/1/2010</p> | <p>Amend 2.10 (3): When an EMPLOYEE returns to employment after a period of authorized leave-, the State contribution toward premium shall be reinstated at the rate category which was in effect prior to the date the disability authorized leave began until the EMPLOYEE has worked one full calendar year after which the premium shall be adjusted at the time of the annual adjustment (February 1) or if there has been a permanent change in the EMPLOYEE's percentage of appointment (whichever is earlier). Effective 2/1/2010</p> | T | <p>Technical change. Replaces incorrect wording.</p> <p>(State)</p> |

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| 14. | 2.10 Employer Contributions | <p>Renumber 2.10 (6) to 2.10 (7).</p> <p>Create 2.10 (6): <u>Pursuant to § 40.05 (5) an EMPLOYEE eligible for an employer contribution in premium category 4, 5, or 6 shall continue to be eligible for an employer contribution of that same premium category until the employee is eligible for a higher level even if, as a result of disability or illness, the accumulated sick leave is subsequently reduced. An EMPLOYEE eligible for premium category 3 will not remain eligible for an employer contribution if their accumulated sick leave falls below the number of hours required to be eligible for premium category three.</u></p> | C | <p>Clarifies existing practice that Cat 3 is not a permanent level and that employees may fall to Cat 2 if their leave balance falls below 80 hours.</p> <p>(State)</p> |
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| 15. | <p>2.13 (1) Elimination Period. A CLAIMANT on the UW FACULTY PLAN qualifies for ICI benefits on the day after which the CLAIMANT has not worked and been continuously and TOTALLY DISABLED under §1.13 (a) for the selected elimination period, but no benefit payment may be made while earnings are payable for accumulated sick leave hours. All other CLAIMANTs qualify for ICI benefits on the day after which the CLAIMANT has not worked and been continuously and TOTALLY DISABLED under §1.13 (a) for thirty (30) calendar days, but no benefit payment may be made while earnings are payable for accumulated sick leave hours. All CLAIMANTs are also subject to (2), (3) and (4).</p> | <p>Amend 2.13 (1): A CLAIMANT on the UW FACULTY PLAN qualifies for ICI benefits on the day after which the CLAIMANT has not worked<u>their last day worked</u> and <u>once they have</u> been continuously and TOTALLY DISABLED under §1.13 (a) for the selected elimination period, but no benefit payment may be made while earnings are payable for accumulated sick leave hours. All other CLAIMANTs qualify for ICI benefits on the day after which the CLAIMANT has not worked<u>their last day worked</u> and <u>once they have</u> been continuously and TOTALLY DISABLED under §1.13 (a) for thirty (30) calendar days, but no benefit payment may be made while earnings are payable for accumulated sick leave hours. All CLAIMANTs are also subject to (2), (3) and (4).</p> | C | <p>Clarifies existing practice that employees qualify for ICI benefits on the day after the last day worked.</p> <p>(State)</p> |
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| 16. | <p>2.13 (2) Elimination Period. The first day of the elimination period shall be the day after the last day worked or the day the CLAIMANT becomes continuously and TOTALLY DISABLED, whichever is later. The CLAIMANT must be TOTALLY DISABLED pursuant to § 1.13 (a) and not working during the elimination period unless the CONTRACTOR determines that the performance of incidental work functions does not constitute a return to work.</p> | <p>Amend 2.13 (2): The first day of the elimination period shall be the day after the last day worked or the day the CLAIMANT becomes continuously and TOTALLY DISABLED, whichever is later. The CLAIMANT must be TOTALLY DISABLED pursuant to § 1.13 (a) and not working during the elimination period unless the CONTRACTOR determines that the performance of incidental work functions does not constitute a return to work. <u>The performance of INCIDENTAL WORK FUNCTIONS shall extend the elimination period by one (1) day for every day or portion of a day spent performing incidental work functions.</u></p> | C | <p>Specifies that performance of incidental work will extend the length of the elimination period by a number of days equal to the number of days of incidental work.</p> <p>(State and Local)</p> |
| 17. | <p>2.13 (4) Elimination Period. The elimination period or use of sick leave or both shall begin on the first date of disability and continue without a break even if the CLAIMANT has a summer, seasonal or semester break in service.</p> | <p>Amend 2.13 (4): The elimination period or use of sick leave or both shall begin on the first date of disability and continue without a break even if the CLAIMANT has a summer, seasonal or semester break in service. <u>If the claimant does not have access to sick leave during a summer, seasonal or semester break in service, and if the claimant's accumulated sick leave exceeds the selected elimination period, the benefit will not start until the number of days of sick leave up to 130 days has elapsed.</u></p> | C | <p>Specifies that ICI benefits for employees without access to sick leave will not begin until the amount days passed is equivalent to the amount of accumulated sick leave or 130 days, whichever is less.</p> <p>(State)</p> |

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| 18. | <p>2.14 (1) Alternate Proof of Total Disability. A CLAIMANT who is approved for benefits under the disability provisions of the Wisconsin Retirement System (WRS) under § 40.63, Wis. Stats., § ETF 50.40, Wis. Admin. Code, or the United States Social Security Act and has ICI coverage in effect on the effective date of the other disability provisions mentioned, shall not initially be required to furnish further proof that the CLAIMANT meets the definition of TOTALLY DISABLED, but thereafter proof of continued disability may be required pursuant to sub.(3) or pursuit of medically supported vocational rehabilitation may be required pursuant to § 2.18.</p> | <p>Amend 2.14 (1): A CLAIMANT who is approved for benefits under the disability provisions of the Wisconsin Retirement System (WRS) under § 40.63, Wis. Stats., § ETF 50.40, Wis. Admin. Code, or the United States Social Security Act and has ICI coverage in effect on the effective date of the other disability provisions mentioned, shall not initially be required to furnish further proof that the CLAIMANT meets the definition of TOTALLY DISABLED, but thereafter proof of continued disability may be required pursuant to sub. (3) or pursuit of medically supported vocational rehabilitation may be required pursuant to § 2.18.</p> | T | <p>Technical change eliminating redundant wording and out-of-date references.</p> <p>(State and Local)</p> |
| 19. | <p>2.15 Integrated Benefits and Offsets</p> | <p>See appendix A.</p> | T | <p>Reorganizes 2.15 to group offsets related to SSI and WRS benefits into separate sections. Streamlines administration for TPA and reduces the likelihood of errors.</p> <p>(State and Local)</p> |

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| 20. | 2.15 (2) (b) Any EMPLOYER liability law. | Amend 2.15 (2) (b): Any EMPLOYER liability law, <u>including the amount of 40.65 Duty Disability payments. The offset for \$40.65 will be the gross amount of the benefit, prior to offsets, on the \$40.65 effective date. Future changes in payments which reflect improvements or cost-of-living adjustments will not alter the amount originally established as an offset with the exception of computation correction errors.</u> | T | Specifies that 2.15 (2) (b) includes the original gross amount of any \$40.65 annuity awards and that future changes in the amount of the award will not alter the amount of the offset. (State and Local) |
| 21. | 2.15 (2) (g) Integrated Benefits and Offsets. Earnings also include any payment or award for lost wages or lost earnings regardless of whether treated as earnings for purposes of the Wisconsin Retirement System under § 40.02 (22), Wis. Stats., or § ETF 20, Wis. Admin. Code, and regardless of whether received from the employer or a third party, including a third party subrogation or an insurer. | Add 2 nd to last paragraph: <u>Earnings will be offset as of the date of checkpayment for the gross amount paid.</u> Last Paragraph: Unless the CLAIMANT has returned to work with the prior EMPLOYER, payments for vacation, holiday time, <u>sabbatical</u> , and compensatory time paid after the elimination period will be offset at 100%. | C | Clarifies existing practice that earnings offsets are recorded as of date of check. Include sabbatical payments among the payments offset at 100%. (State and Local) |
| 22. | 2.15 2 (i). Integrated Benefits and Offsets | <u>Create 2.15 2 (i): The following payments are NOT offsets to ICI benefits:</u> <u>1. VA benefits.</u> <u>2. Non-WRS retirement benefits</u> <u>3. Payments for longevity pay or uniform allowances.</u> | T | Organizes payments exempt from offsets into one paragraph. (State and Local) |

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| 23. | <p>2.15 (4) Integrated Benefits and Offsets. Benefits will be reduced by the gross amount of Social Security (OASDHI) and other applicable WRS benefits. If the claimant elects to receive benefits based on the spouse's account in lieu of the CLAIMANT's own account, the ICI benefit will be reduced by the amount received by the CLAIMANT. Future changes in payments which reflect improvements or cost-of-living adjustments will not alter the amount originally established as an offset with the following exceptions: computation correction errors, late reported earnings, adjusted Long-Term Disability Insurance (LTDI) benefits due to retirement or separation benefit offsets and adjusted duty disability benefits, not including 5% and permanent disability workers compensation benefits.</p> | <p>Amend 2.15 (4): Benefits will be reduced by the gross amount of Social Security (OASDHI) and other applicable WRS benefits. If the claimant elects to receive benefits based on the spouse's account in lieu of the CLAIMANT's own account, the ICI benefit will be reduced by the amount received by the CLAIMANT. Future changes in payments which reflect improvements or cost-of-living adjustments will not alter the amount originally established as an offset with the following exceptions: computation correction errors, late reported earnings, <u>and</u> adjusted Long-Term Disability Insurance (LTDI) benefits due to retirement or separation benefit offsets and adjusted duty disability benefits, not including 5% and permanent disability workers compensation benefits.</p> | T | <p>Removes ambiguous language. (State and Local)</p> |
| 24. | <p>2.17 (8) Continued Proof of Disability. ICI benefits may be denied, suspended or terminated if information necessary to determine such benefits cannot be obtained within ninety (90) days of the date of the request.</p> | <p>Amend 2.17 (8) Continued Proof of Disability. ICI benefits may be denied, suspended or terminated if information necessary to determine such benefits cannot be obtained within ninety (90)<u>sixty (60)</u> days of the date of the request.</p> | T | <p>Aetna requested that the time period be reduced to more mirror practices with their other books of business. Would close the claim one month earlier if the requested information is not provided. (State and Local)</p> |

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| 25. | <p>2.17 (10) (a) Continued Proof of Disability. If a CLAIMANT is receiving both Wisconsin Retirement System (WRS) disability (§ 40.63, Wis. Stats., or LTDI benefits) and Social Security disability benefits, continued proof of disability will not be required. If the WRS or Social Security disability benefit is terminated for any reason, medical evidence will be required to support continued ICI payments.</p> | <p>Amend 2.17 (10) (a). If a CLAIMANT is receiving both<u>either</u> Wisconsin Retirement System (WRS) disability (§ 40.63, Wis. Stats., or LTDI benefits) and<u>or</u> Social Security disability benefits, continued proof of disability will not be required. If the WRS or Social Security disability benefit, <u>or both if applicable</u>, is terminated for any reason, medical evidence will be required to support continued ICI payments.</p> | C | <p>Removes requirement that claimants receiving either WRS disability benefits or SSDI file continued proof of disability. Currently the filing exemption exists only if claimants are receiving both WRS disability and SSDI.</p> <p>(State and Local)</p> |
| 26 | <p>2.18 (1) Rehabilitative Training. The DEPARTMENT must approve in writing in advance any individualized rehabilitative plan. A plan will only be approved if the DEPARTMENT or the Wisconsin Division of Vocational Rehabilitation determines that rehabilitative training will aid the CLAIMANT to return to SUBSTANTIAL GAINFUL ACTIVITY. Benefits will terminate upon completion of the plan and the CLAIMANT is determined to be capable of SUBSTANTIAL GAINFUL ACTIVITY. A rehabilitative plan must be in writing and include specific goals and dates for meeting those goals which are agreed to by the CLAIMANT and approved in advance by the DEPARTMENT.</p> | <p>Amend 2.18 (1): The DEPARTMENT must approve in writing in advance any individualized rehabilitative plan. A plan will only be approved if the DEPARTMENT or the Wisconsin Division of Vocational Rehabilitation determines that rehabilitative training will aid the CLAIMANT to return to SUBSTANTIAL GAINFUL ACTIVITY. <u>The CLAIMANT must be receiving benefits under 1.13 (b) to participate in approved rehabilitative training.</u> Benefits will terminate upon completion of the plan and the CLAIMANT is determined to be capable of SUBSTANTIAL GAINFUL ACTIVITY. A rehabilitative plan must be in writing and include specific goals and dates for meeting those goals which are agreed to by the CLAIMANT and approved in advance by the DEPARTMENT.</p> | T | <p>Specifies that rehabilitative training applies to long-term ICI recipients.</p> <p>(State and Local)</p> |

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| 27 | <p>2.18 (5) Rehabilitative Training. Earnings received from employment or training which has not been approved as rehabilitative will be offset at an amount equal to 100% of the gross earnings.</p> <p>2.18 (7) Earnings received from rehabilitative training, employment or training not approved as rehabilitative training shall be offset from the ICI benefit based on the check or payment date.</p> | <p>Amend 2.18 (5), delete 2.18 (7): 2.18 (5): Earnings received from employment or training which has not been approved as rehabilitative will be offset <u>from the ICI benefit</u> at an amount equal to 100% of the gross earnings. <u>The offset will be based on the date of check or payment date.</u></p> <p>Delete 2.18 (7): Earnings received from rehabilitative training, employment or training not approved as rehabilitative training shall be offset from the ICI benefit based on the check or payment date.</p> | T | <p>Technical correction to combine similar sections.</p> <p>(State and Local)</p> |
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| 28 | <p>2.21 (2) Claims Procedure. An ICI claim (either claim form ET-5352 received by the DEPARTMENT or through telephone initiation with the CONTRACTOR) must be completed by the CLAIMANT or the CLAIMANT's representative. In no event will a paper or telephone claim be approved if received more than twelve (12) months from the claimed first date of disability as determined by the CONTRACTOR. In no event will benefits be payable for the period which is more than ninety (90) days prior to the date the DEPARTMENT receives the paper claim or the CONTRACTOR receives the telephone claim. A claim may be submitted up to thirty (30) days prior to the last day worked; however, no benefits will be payable until after the last day worked based on the first date of disability determined by the CONTRACTOR and subject to the CLAIMANT's elimination period.</p> | <p>An ICI claim (either claim form ET-5352 received by the DEPARTMENT or through telephone initiation with the CONTRACTOR) must be completed by the CLAIMANT or the CLAIMANT's representative. In no event will a paper or telephone claim be approved if received more than twelve (12) months from the claimed first date of disability <u>last day paid</u> as determined by the CONTRACTOR. In no event will benefits be payable for the period which is more than ninety (90) days prior to the date the DEPARTMENT receives the paper claim or the CONTRACTOR receives the telephone claim. A claim may be submitted up to thirty (30) days prior to the last day worked; however, no benefits will be payable until after the last day worked based on the first date of disability determined by the CONTRACTOR and subject to the CLAIMANT's elimination period.</p> | P | <p>Changes due date for an ICI claim to 12 months from date of disability to last day paid. Provides certainty of filing deadline in certain cases where date of disability is difficult to determine, such as repetitive motion injuries and slowly manifesting disabilities. Also allows extra time for employees pursuing medical treatment.</p> <p>(State and Local)</p> |
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ICI Plan Changes
Appendix A
4/24/2013

2.15 INTEGRATED BENEFITS AND OFFSETS

- (1) The CLAIMANT must apply and complete the application or claim process for all other benefit programs for which the CLAIMANT may be eligible, including, but not limited to, Social Security Disability (through the hearing level if denied initially), Wisconsin Retirement System (WRS) disability and retirement plans; unemployment compensation, and worker's compensation.
 - (a) A CLAIMANT applying for ICI benefits must submit written evidence acceptable to the CONTRACTOR that the CLAIMANT has taken all necessary action to obtain and assign any other benefits available from the sources listed in sub. (2) which the CLAIMANT may be eligible to receive. This includes completion of any necessary records release.
 - (b) If the CONTRACTOR ascertains a CLAIMANT has not acted in a timely fashion to apply, reapply or file all required supporting documents for benefits for which the CLAIMANT is eligible through any applicable process, the CONTRACTOR may reduce the ICI benefits by an estimated amount the DEPARTMENT or CONTRACTOR determines would have been payable from that source. ICI benefit offset shall not be reduced, changed or stopped because of actual or alleged failure on the part of the CONTRACTOR or the DEPARTMENT to notify the CLAIMANT of his or her rights under other benefit programs. The ICI benefit will be reduced by the straight life annuity amount for any disability or retirement benefit available from the Wisconsin Retirement System or the estimated Wisconsin Retirement System Long -Term Disability Insurance (LTDI) monthly benefit, whichever is greater.
- (2) Benefit payments from ICI shall be reduced by benefits paid or payable at the rate of 100% from the following sources, except as specified for the Wisconsin Retirement System (WRS) disability or retirement plan in par. (e):
 - (a) Worker's Compensation Act, any payment except those specifically identified as permanent partial disability (PPD) or permanent total disability (PTD), penalties assessed against EMPLOYERS, medical expenses and attorney fees. Worker's Compensation settlement agreements which do not identify a specific amount, type of benefit or time period shall be offset from the ICI benefit effective the date the Worker's Compensation benefit is paid. The amount by which any such lump sum settlement benefit exceeds the monthly ICI benefit otherwise payable shall be carried over to reduce ICI benefits payable in future months until the amount of the lump sum has been completely offset.
 - (b) Any EMPLOYER liability law, including the amount of 40.65 Duty Disability payments. The offset for §40.65 will be the gross amount of the benefit, prior to offsets, on the §40.65 effective date. Future changes in payments which reflect improvements or cost-of-living adjustments will

not alter the amount originally established as an offset with the exception of computation correction errors.

(c) Any occupational disease law.

(d) Any benefit from the United States Social Security Act as amended or any similar act of any State or county to which the CLAIMANT is eligible.

1. Benefits will be reduced by the gross amount of Social Security (OASDHI). If the claimant elects to receive benefits based on the spouse's account in lieu of the CLAIMANT's own account, the ICI benefit will be reduced by the amount received by the CLAIMANT. Future changes in payments which reflect improvements or cost-of-living adjustments will not alter the amount originally established as an offset with the following exceptions: computation correction errors, late reported earnings.

2. The CONTRACTOR, with prior approval from the DEPARTMENT, may hire an advocate or facilitator to assist the CLAIMANT with a disability process. Failure to cooperate with an advocate or facilitator shall result in the suspension or termination of ICI benefits.

If Social Security disability benefits are awarded following an appeal, and the CLAIMANT had retained an attorney, the amount of the attorney fees not considered an offset will be based on the amount of the fees that were approved by the Social Security Administration and paid to the attorney. The CONTRACTOR will require proof of the amount paid to the attorney before any reduction in the overpayment amount will be made.

3. If an EMPLOYEE was receiving disability benefits continuously from Social Security Administration programs prior to becoming insured, and subsequently becomes TOTALLY DISABLED while insured under this Plan, the disability benefits will be offset only if the amount received from the other program is increased as a result of the subsequent disability and only by the amount of the increase.

4. Once the CLAIMANT reaches full retirement age under Social Security, the ICI benefit will be offset by the gross amount of Social Security retirement benefits payable to the CLAIMANT. If the CLAIMANT does not apply for their Social Security retirement benefit at full retirement age, the offset will be based on an estimated amount.

If the CLAIMANT begins receiving Social Security benefits prior to reaching full retirement age, even though not required to apply at that point, the ICI benefit will be offset by the gross amount received from Social Security.

- (e) Any WRS disability or retirement plan. WRS periodic disability and retirement payments and lump sum payments will be offset at the equivalent straight life monthly annuity amount using the DEPARTMENT's current actuarial tables. The reduction for the WRS retirement plan will be based on the straight life annuity amount. A CLAIMANT eligible for either a § 40.63, Wis. Stats., benefit or a § ETF 50.40, Wis. Admin. Code, benefit may choose the benefit they preferred.

1. Benefits will be reduced by all applicable WRS benefits. If the claimant elects to receive benefits based on the spouse's account in lieu of the CLAIMANT's own account, the ICI benefit will be reduced by the amount received by the CLAIMANT. Future changes in payments which reflect improvements or cost-of-living adjustments will not alter the amount originally established as an offset with the following exceptions: computation correction errors, late reported earnings, and adjusted Long-Term Disability Insurance (LTDI) benefits due to retirement or separation benefit offsets.
2. If an EMPLOYEE was receiving disability benefits continuously from the WRS prior to becoming insured, and subsequently becomes TOTALLY DISABLED while insured under this Plan, the disability benefits will be offset only if the amount received from the other program is increased as a result of the subsequent disability and only by the amount of the increase.
3. Once the CLAIMANT reaches normal retirement age under the WRS, the ICI benefit will be offset by the straight life amount from the WRS. If the CLAIMANT does not apply for their WRS retirement benefit at normal retirement age, the offset will be based on an estimated straight life amount.

If the CLAIMANT begins receiving WRS retirement benefits prior to reaching normal retirement age, even though not required to apply at that point, the ICI benefit will be offset by the straight life amount.

- (f) Any EMPLOYER sponsored or sanctioned salary continuation plan, including any plan whose premiums are paid or collected via payroll deduction.
- (g) Earnings means the gross amount of wages and salary received from any employment, whether or not it is Wisconsin Retirement System covered employment, for personal service rendered on or after the disability effective date, including any amount which would have been available for payment to the CLAIMANT except for the CLAIMANT's election that part or all of the amount be used for other purposes. The gross amount shall be determined prior to deductions for taxes, insurance premiums, retirement contributions, charitable contributions, etc.

Earnings also include any payment or award for lost wages or lost earnings regardless of whether treated as earnings for purposes of the Wisconsin Retirement System under § 40.02 (22), Wis. Stats., or § ETF 20, Wis. Admin. Code, and regardless of whether received from the employer or a third party, including a third party subrogation or an insurer.

Earnings for personal services rendered also include the net profit of any business enterprise owned, controlled or conducted by the individual, in addition to any salary, wages or other compensation drawn from such a business.

Earnings will be offset as of the date of ~~check~~payment for the gross amount paid.

Unless the CLAIMANT has returned to work with the prior EMPLOYER, payments for vacation, sabbatical, holiday time, and compensatory time paid after the elimination period will be offset at 100%.

(h) Unemployment compensation.

(i) The following payments are NOT offsets to ICI benefits:

1) VA benefits.

2) Non-WRS retirement benefits

3) Payments for longevity pay or uniform allowances.

(3) Notwithstanding delays in benefit payments from sources listed under sub. (2), ICI benefits may be made and adjusted, retroactively if necessary, when benefit payments from other sources are actually made or become known to the DEPARTMENT or CONTRACTOR. Any overpayments created due to retroactive approval of sources listed under sub. (2) must be repaid by the CLAIMANT or the CLAIMANT's representative or estate.

~~(4) Benefits will be reduced by the gross amount of Social Security (OASDHI) and other applicable WRS benefits. If the claimant elects to receive benefits based on the spouse's account in lieu of the CLAIMANT's own account, the ICI benefit will be reduced by the amount received by the CLAIMANT. Future changes in payments which reflect improvements or cost-of-living adjustments will not alter the amount originally established as an offset with the following exceptions: computation correction errors, late reported earnings, adjusted Long-Term Disability Insurance (LTDI) benefits due to retirement or separation benefit offsets and adjusted duty disability benefits, not including 5% and permanent disability workers compensation benefits.~~

~~(5) The CONTRACTOR, with prior approval from the DEPARTMENT, may hire an advocate or facilitator to assist the CLAIMANT with a disability process. Failure to cooperate with an advocate or facilitator shall result in the suspension or termination of ICI benefits.~~

- ~~If Social Security disability benefits are awarded following an appeal, and the CLAIMANT had retained an attorney, the amount of the attorney fees not considered an offset will be based on the amount of the fees that were approved by the Social Security Administration and paid to the attorney. The CONTRACTOR will require proof of the amount paid to the attorney before any reduction in the overpayment amount will be made.~~
- ~~(6) If an EMPLOYEE was receiving disability benefits continuously from the WRS or Social Security Administration programs prior to becoming insured, and subsequently becomes TOTALLY DISABLED while insured under this Plan, the disability benefits will be offset only if the amount received from the other program is increased as a result of the subsequent disability and only by the amount of the increase.~~
- (74) Notwithstanding the provisions of sub. (2), if a CLAIMANT elects not to apply for a disability benefit, although eligible to do so, and applies for a WRS or Social Security retirement or separation benefit, the amount offset under this section shall be set at the greater of the disability, retirement or separation benefit which the CLAIMANT would have been eligible to receive.
- ~~(8) If the CLAIMANT receives a Social Security or WRS retirement benefit based on a reduced benefit due to age, the ICI benefit will be offset by the gross amount received from Social Security or the straight life amount from the WRS. A CLAIMANT's ICI benefit shall be offset by a regular retirement benefit from the Social Security program if the benefit would be paid or payable without reducing the amount because of age. The CLAIMANT's ICI benefit shall also be offset by a WRS retirement benefit if the annuity under the formula computation is based on the normal retirement age for the CLAIMANT's employment category.~~
- (95) Benefits listed in sub. (2) that began on or after the ICI coverage effective date will be offset against the ICI benefit.