



STATE OF WISCONSIN
Department of Employee Trust Funds
Robert J. Conlin
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: April 30, 2015

TO: Group Insurance Board

FROM: Gina Fischer, Ann Suchomel, Jim Guidry, Policy Analysts
Deb Roemer, Director
Benefit Services Bureau
Division of Retirement 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. A brief summary is found on page 3 of the report.

Aetna has met all performance standards with three exceptions that are discussed in the report.

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

Attachment: ICI and LTDI Program Annual Report

Reviewed and approved by Matt Stohr, Administrator, Division of Retirement Services.

Electronically signed:
5/8/15

Board	Mtg Date	Item #
GIB	5.19.15	7C

Quality health plans & benefits
Healthier living
Financial well-being
Intelligent solutions

aetna[®]

Group Insurance Board 2014 ICI and LTDI Program Annual Report



Introduction

The purpose of Aetna's annual disability report to the Group Insurance Board is to share disability program results, observations, and trends for the year 2014. Aetna will review customer service metrics, State ICI, Local ICI, and LTDI disability programs. For all programs, Aetna will review the claim counts, claim statuses, claim demographics, and diagnostic categories. In addition, Aetna will show 2014 performance compared to 2013 performance in each category.

Aetna administers two disability programs for ETF:

1. Income Continuation Insurance (ICI)
2. Long-Term Disability Insurance (LTDI)

For the purposes of the annual report, ICI is broken out by State and Local ICI programs and then separated by Short-Term Disability (STD) and Long-Term Disability (LTD).

Executive Summary

Employee Trust Funds (ETF) and Aetna Life Insurance Company's partnership continues in 2015. ETF's long-standing relationship with Aetna and the tenured Aetna operations team results in another year of outstanding customer service.

Aetna continues to invest in improved systems which allow for better use of resources and improved customer service. In 2014, Aetna made enhancements to our Workability Customer Portal which increased functionality for ETF claimants to allow claimants access to upload documents, print 1099 and W2 forms, and use our mobile application to access claim information and communicate with their claim owner.

Aetna partnered with ETF on several process efficiencies in 2014:

- Financial Management Information System (FMIS) project – ETF moved to the FMIS system which required training and process changes at Aetna. We partnered with ETF during the roll-out which has been successful.
- Deduction report – With the FMIS roll-out, ETF partnered with Aetna to improve and automate the deduction report ETF provides to Aetna quarterly, resulting in less manual data entry for Aetna staff and therefore, less chance for errors.
- LTDI Annual Increase – ETF partnered with Aetna to implement an automated process for applying annual benefit increases, which replaced a manual process.

2014 Performance Measures

ETF measures Aetna's performance by four categories:

1. Phone statistics
2. Evidence of insurability (EOI) processing
3. Claim decision turnaround time
4. Phone surveys

Phone Statistics

Aetna's phone performance standards are the following:

1. 90% of calls will be answered within 60 seconds
2. 5% or less abandoned calls

In 2014 the performance standard for answering 90% of calls within 60 seconds was not met in January and November. In addition, in January the abandonment rate exceeded 5% of calls so this standard was also not met. However, all quarterly and annual call metrics in 2014 were met and performance results are shown in the table below:

Call Metrics					
2014	Total Calls Received	Service Level	Total Answered in 60 seconds	Abandonment Rate	Calls Abandoned
Q1	2,025	91.0%	1,846	2.5%	51
Q2	2,225	93.0%	2,069	1.4%	31
Q3	1,969	91.5%	1,800	2.3%	46
Q4	2,126	92.0%	1,957	2.0%	42
Total YTD	8,345	92.0%	7,672	2.0%	170

Over the years, Aetna has evaluated phone technology and processes in order to meet and exceed ETF's performance standards. The table below demonstrates this effort with the telephone performance standards over the last five years:

Telephone Performance Standards			
Year	Number of Phone Calls	Total Answered in 60 seconds	Abandonment Rate
2014	8,345	92.0%	2.0%
2013	8,574	91.0%	2.4%
2012	8,689	92.0%	2.3%
2011	10,461	93.0%	1.7%
2010	9,605	93.0%	2.4%
Average over last 5 years	9,135	92.2%	2.2%

2014 Evidence of Insurability (EOI)

Aetna's performance standard for EOI processing is to send a determination notice to the EOI applicant within 15 days of Aetna receiving all information required to render a decision. Aetna met this performance standard in 2014 with no exceptions.

In 2014 Aetna processed 318 EOI applications for ETF members. A summary by plan is shown in the table below:

Summary by Plan	
Total State Applications Received:	181
Approved:	138
Denied:	43
Total Local Applications Received:	137
Approved:	121
Denied:	16
Annual Total	
Total Applications Received:	318
Approved:	259
Denied:	59

Claim Decision Turnaround Time

Aetna's performance standard for Claim Decision Turnaround Time is all claims must have a claim determination with written notice to the claimant within 15 days from receipt of all information needed to make a determination. Aetna met this performance standard in 2014 with no exceptions.

Customer Phone Surveys

Aetna offers all ETF claimants a disability claim satisfaction survey at the end of their claim experience with Aetna. The survey asks the claimant to rate Aetna's service level from 1 (lowest) to 5 (highest).

- For STD ICI, Aetna's average score for 2014 was **4.15** out of 5.
- For LTD ICI and LTDI, Aetna's average score for 2014 was **4.23** out of 5.

Aetna prides itself in being an extension of the ETF team. The claimant satisfaction survey results are a reflection of high quality service provided to ETF claimants.

2014 New Claim Experience

This section of the annual report will focus on *new claims* in 2014.

Historically, ETF has seen between a 1% to 3% fluctuation in new claims each year and 2014 was no different. Total new claims in 2014 were only slightly increased from 2013 at 2,295. LTDI claims had the highest increase in 2014 (4.9%), but total new claims still fell below a 1% increase overall.

New Claim Counts by Plan					
	2014	2013	2012	2011	2010
State ICI	1,645	1,648	1,663	1,740	1,662
Local ICI	118	130	90	110	100
LTDI	532	507	554	409	436
Total	2,295	2,285	2,307	2,259	2,198

State ICI – Short-Term Disability (STD) & Long-Term Disability (LTD)

When disabled under ICI, the first twelve (12) months are considered STD. During the STD period, disability is defined as:

- The inability by reason of any physical or mental impairment, supported by objective medical evidence, to perform the duties of one's position.

After the first twelve (12) months the claims may transition to LTD. During the LTD period, disability is defined as:

- The claimant's complete inability by reason of any medically determinable physical or mental impairment, as supported by objective medical evidence, to engage in any substantial gainful activity for which the claimant is reasonably qualified with due regard to the claimant's education, training, and experience.

ETF's State ICI program comprises the majority of the volume and claim processing in Aetna's administration of ETF's programs. State ICI claims account for 72% of all new ETF claims in 2013 and 2014.

There were a total of 1,645 new State ICI claims in 2014. A breakdown of new claims by quarter and plan are shown in the table below:

2014 State Quarterly Claim Counts		
	STD ICI	LTD ICI*
Q1	322	72
Q2	368	58
Q3	363	55
Q4	358	49

**New LTD ICI claims are transitioned from existing STD ICI claims.*

The STD plan accounts for 86% of new State ICI claims in 2014.

Total new STD ICI claims: 1,411

Total new LTD ICI claims: 234

The claim volume of both STD and LTD State ICI claims is consistent with claim volumes in 2013, which totaled 1,648 State ICI claims.

From a claim demographic perspective, State STD ICI claims are made up of 1,070 claims belonging to females and 341 claims belonging to males; the average age is 45 years old. State LTD ICI claims are made up of 157 claims belonging to females and 77 claims belonging to males; the average age is 50 years old.

The table below details the medical conditions that drive work absence for the State STD ICI plan. The table is sorted highest to lowest based on the number of days lost for disability (total days). The table does not include claims with a ‘withdrawn’ status or claims that were ‘denied’. The “Injury/Poisoning” diagnostic category includes injuries due to fractures of the skull, neck and trunk, upper or lower limb, etc. Poisoning includes wrong substance given or taken in error, complications of surgical or medical care, overdose of substances, etc. The “Other” category includes all diagnostic categories reporting less than 5 claims for 2014.

State STD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL DISORDERS	472	66333	140
MENTAL HEALTH DISORDERS	137	21458	156
OBSTETRIC CARE	343	18168	52
ONCOLOGIC DISORDERS	60	11978	199
RHEUMATOLOGIC DISORDERS	85	10420	122
NEUROLOGIC DISORDERS	42	8805	209
CARDIAC DISORDERS	26	4420	170
DIGESTIVE DISORDERS	41	3344	81
INJURY/POISONING	66	2975	45
GYNECOLOGIC DISORDERS	43	2431	56
OTHER	15	2155	156
RESPIRATORY DISORDERS	14	1909	136
SKIN DISORDERS	11	1594	144
RENAL DISORDERS	9	1554	172
EYE DISORDERS	7	1525	217
ENDOCRINE/METABOLIC DISORDERS	11	1358	123
VASCULAR DISORDERS	6	1297	216
INFECTIOUS DISEASE	5	1139	227

Musculoskeletal disorders continue to drive State STD ICI lost work days and utilization in 2014. Musculoskeletal claims include back pain, osteoarthritis, and other degenerative conditions.

Musculoskeletal disorders, mental health disorders, and obstetric care remain the top categories for diagnoses in 2013 and 2014 for the State STD ICI plan.

Musculoskeletal disorders average duration increased by 6 days from 2013 to 2014; however, the average duration for mental health disorders decreased by 26 days in 2014. Obstetric care continues to have a high claim count; however, the average duration for these claims remains short and decreased by five days from 2013 to 2014.

The table below details the medical conditions that drive work absence for the State LTD ICI plan. The table is sorted highest to lowest based on the number of days lost for disability (total days). The table does not include claims with a ‘withdrawn’ status or claims that were ‘denied’. The “Other” category includes all diagnostic categories reporting less than 5 claims for 2014.

State LTD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL DISORDERS	78	24353	312
MENTAL HEALTH DISORDERS	52	16030	308
NEUROLOGIC DISORDERS	20	7567	378
OTHER	20	6712	336
ONCOLOGIC DISORDERS	16	5628	351
RHEUMATOLOGIC DISORDERS	18	4817	267
DIGESTIVE DISORDERS	6	1996	332
RESPIRATORY DISORDERS	5	1439	287

Musculoskeletal disorders also drive the State LTD ICI plan in lost work days and utilizations in 2014.

Musculoskeletal disorders, mental health disorders, and neurologic disorders remain the top diagnostic categories in 2013 and 2014 for the State LTD ICI plan.

Musculoskeletal disorders average duration increased by 8 days from 2013 to 2014. Neurologic disorders average duration also increased in 2014 by 81 days, where mental health disorders decreased by 39 days in 2014.

Local ICI – Short-Term Disability (STD) & Long-Term Disability (LTD)

There were a total of 118 new Local ICI claims in 2014. A breakdown of new claims by quarter and plan are shown in the table below:

2014 Local Quarterly Claim Counts		
	STD ICI	LTD ICI
Q1	27	6
Q2	24	1
Q3	26	1
Q4	27	6

The STD ICI plan accounts for 88% of new Local ICI claims in 2014.

Total new STD ICI claims: 104

Total new LTD ICI claims: 14

The volume of both STD and LTD Local ICI claims decreased from 2013 to 2014 by 9%. In 2013, there were 110 STD claims and 20 LTD claims for a total of 130 new claims.

From a claim demographic perspective, Local STD ICI claims are made up of 68 claims belonging to females and 36 claims belonging to males; the average age is 45 years old. Local LTD ICI claims are made up of 9 claims belonging to females and 5 claims belonging to males; the average age is 53 years old.

The table below details the medical conditions that drive work absence for the Local STD ICI plan. The table is sorted highest to lowest based on the number of days lost for disability (total days). The table does not include claims with a ‘withdrawn’ status or claims that were ‘denied’. The “Other” category includes all diagnostic categories reporting less than 5 claims for 2014. The “Injury/Poisoning” diagnostic category includes injuries due to fractures of the skull, neck and trunk, upper or lower limb, etc. Poisoning includes wrong substance given or taken in error, complications of surgical or medical care, overdose of substances, etc.

Local STD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL DISORDERS	29	3567	123
MENTAL HEALTH DISORDERS	8	1869	233
OTHER	12	1702	142
OBSTETRIC CARE	29	1422	49
RHEUMATOLOGIC DISORDERS	9	1076	119
ONCOLOGIC DISORDERS	6	949	158
INJURY/POISONING	6	58	9

Musculoskeletal disorders also drive the Local STD ICI plan in lost work days and utilization in 2013 and 2014. Mental health disorders have less claim volume than other diagnostic categories; however, the average duration days are significant and mental health claims were not prevalent for STD ICI in 2013. Obstetric care remains high in claim volume in 2014, but the “other” diagnostic category replaced obstetric care in 2014 as the third highest diagnostic category in lost work days.

The table below details the medical conditions that drive work absence for the Local LTD ICI plan. The table is sorted highest to lowest based on the number of days lost for disability (total days). The table does not include claims with a ‘withdrawn’ status or claims that were ‘denied’.

Local LTD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MENTAL HEALTH DISORDERS	3	886	295
CARDIAC DISORDERS	1	710	710
MUSCULOSKELETAL DISORDERS	3	686	228
NEUROLOGIC DISORDERS	3	523	174

Mental health disorders lead the Local LTD ICI claims for 2014; however, the average duration for the one cardiac disorder is significantly higher when comparing it to the three mental health claims.

LTDI

Under LTDI, disability is defined as:

- The inability to engage in any substantial gainful activity by reason of a medically determinable impairment, whether physical or mental, which can reasonably be expected to result in death or to be permanent or of long-continued and indefinite duration.

There were a total of 532 new LTDI claims in 2014. A breakdown of new claims by quarter is shown in the table below:

2014 LTDI Quarterly Claim Counts	
	LTDI
Q1	117
Q2	147
Q3	151
Q4	117

From a claim demographic perspective, LTDI claims are made up of 328 claims belonging to females and 204 claims belonging to males; the average age is 51 years old.

LTDI	
Employer Type	Claim Count
STATE	194
SCHOOL	145
COUNTY	67
CITY	59
HOSP. BD & AUTHORITY	21
COLLEGE	16
VILLAGE	13
OTHER	10
TOWN	3
LIBRARY SYSTEM	3
ELECTRIC & WATER	1

In 2014, 64% of all LTDI claims are made up of School and State claims which align with prior years; in 2013 they accounted for 60% of all LTDI claims so there was a small increase in 2014.

The table below illustrates top diagnoses for LTDI claims. The table is sorted highest to lowest based on the number of claims. The table does not include claims with a ‘withdrawn’ status or claims that were ‘denied’. The “Injury/Poisoning” diagnostic category includes injuries due to fractures of the skull, neck and trunk, upper and lower limb, etc. Poisoning includes wrong substance given or taken in error, complications of surgical or medical care, overdose of substances, etc. The “Other” category includes all diagnostic categories reporting less than 5 claims for 2014.

LTDI Claims - Diagnostic Categories	
Diagnosis	Claims
INJURY/POISONING	160
MUSCULOSKELETAL DISORDERS	81
NEUROLOGIC DISORDERS	59
MENTAL HEALTH DISORDERS	48
ONCOLOGIC DISORDERS	42
RHEUMATOLOGIC DISORDERS	28
CARDIAC DISORDERS	12
RESPIRATORY DISORDERS	11
OTHER	9
EAR/NOSE/THROAT DISORDERS	8
EYE DISORDERS	7
ENDOCRINE/METABOLIC DISORDERS	6
RENAL DISORDERS	6
DIGESTIVE DISORDERS	5

In both 2013 and 2014, the top three diagnostic categories for LTDI claims are injury, musculoskeletal, and neurologic; comprising 62% of LTDI claims in 2014. Likewise, the top five diagnostic categories remain unchanged in 2013 and 2014.

Comparisons

Musculoskeletal disorders are a top diagnostic category for lost work days across ETFs plans in 2014. Because these are disorders that increase with an aging population this is not unique to ETF, but rather it is the top diagnostic category across Aetna's book of business in both STD and LTD.

Musculoskeletal disorders represent 31% of total claim volume in STD and 33% of total claim volume in LTD. The tables below detail the top five diagnostic categories in STD in 2014 for Aetna's book of business:

Aetna's overall book of business STD Diagnostic Categories	
Diagnosis	Percentages
MUSCULOSKELETAL DISORDERS	31%
OBSTETRIC CARE	17%
DIGESTIVE DISORDERS	9%
MENTAL HEALTH DISORDERS	7%
RHEUMATOLOGIC DISORDERS	5%

The table below details Aetna's top five diagnostic categories in LTD in 2014 for Aetna's book of business:

Aetna's overall book of business LTD Diagnostic Categories	
Diagnosis	Percentages
MUSCULOSKELETAL DISORDERS	33%
ONCOLOGIC DISORDERS	15%
NEUROLOGIC DISORDERS	10%
MENTAL HEALTH DISORDERS	8%
RHEUMATOLOGIC DISORDERS	7%

Active Claim Summary

The tables below contain both new and existing claims paid in 2011 through 2014. These are not just new claims, but the total number of active claims at a point in time; the end of each calendar year.

State ICI claims make up 34.4% of the cost of all ETF disability programs. State STD ICI claim counts increased slightly in 2014; however, the average cost per claim decreased. State LTD ICI claim counts and average cost per claim continue to increase moderately each year.

State ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per claim
STD	2014	\$8,765,501.97	1,791	\$4,894.19
	2013	\$9,179,493.34	1,775	\$5,171.55
	2012	\$9,294,015.50	1,835	\$5,064.86
	2011	\$9,463,361.59	1,868	\$5,066.04
LTD	2014	\$9,161,100.53	1,225	\$7,478.45
	2013	\$8,051,576.15	1,171	\$6,875.81
	2012	\$7,424,877.33	1,125	\$6,599.89
	2011	\$7,387,255.41	1,067	\$6,923.39

Local ICI claim counts remained consistent from 2013 to 2014; however, the average cost per claim in both STD and LTD decreased considerably. The average cost per claim in STD decreased by \$1,228.17 and LTD saw a significant decrease of \$3,445.38.

Local ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per claim
STD	2014	\$466,569.68	122	\$3,824.34
	2013	\$611,354.07	121	\$5,052.51
	2012	\$402,190.14	98	\$4,103.98
	2011	\$486,193.66	102	\$4,766.60
LTD	2014	\$277,929.06	67	\$4,148.19
	2013	\$501,175.62	66	\$7,593.57
	2012	\$466,172.57	57	\$8,178.47
	2011	\$302,741.99	53	\$5,712.11

The average cost per claim in the LTDI plan is the highest of all ETF disability plans administered by Aetna, because these claims have the longest duration, the most serious conditions, and the fewest number of offsets. The average cost per claim increased by \$859.49 in 2014 with an additional 180 claims.

LTDI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per claim
LTDI	2014	\$33,372,190.10	2,462	\$13,554.91
	2013	\$28,970,956.60	2,282	\$12,695.42
	2012	\$25,734,653.06	2,090	\$12,313.23
	2011	\$22,630,703.31	1,870	\$12,101.98

In 2014 the total cost of all ETF disability plans combined increased by \$4,728,735.56. The total number of claims increased by 4.7% (252 claims) and the average cost per claim increased by 22.8%, or \$1,705.80.

All Disability Programs (State ICI, Local ICI, LTDI)				
	Year	Total Cost of Claims	Number of Claims	Average Cost per claim
All Disability Programs (State ICI, Local ICI, LTDI)	2014	\$52,043,291.34	5,667	\$9,183.57
	2013	\$47,314,555.78	5,415	\$7,477.77
	2012	\$43,321,908.60	5,205	\$7,252.09
	2011	\$40,270,255.96	4,960	\$6,914.03

Conclusion

Customer service metrics were all exceeded in the areas of phone performance, claim decision turnaround times, evidence of insurability, and customer service surveys.

The total new claim volume for ETF in 2014 had a less than 1% increase over 2013. The State and Local ICI plans both had a minor decrease in claim volume, but the LTDI plan saw a 4.9% increase, or an increase of 25 new claims from 2013 to 2014. The LTDI claims (both new and existing) comprise 43.4% of the total number of open claims when comparing all disability plans. Because the LTDI claims encompass the most serious conditions, with the longest durations and fewest number of offsets, this plan drives the total cost of claims paid. ETF saw a 10% increase in the total cost of claims paid from 2013 to 2014; which is expected due to the fact that the number of LTDI claims continues to grow and the average cost per claim continues to increase.

In 2015, Aetna will continue to focus on enhanced operational efficiencies and customer service by continuing to partner with ETF and the Group Insurance Board. A key area of concentration in 2015 will be a continued focus on technology and identifying opportunities to further improve processes. The tenure of the Aetna team and our ETF partners ensures that we are well positioned to continue to meet the changing needs at ETF while still applying Aetna's best practices. We look forward to another successful year administering the disability plans for ETF.