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Correspondence Memorandum

Date: April 21, 2016
To: Group Insurance Board
From: Roni Harper, Optional Insurance Plans Manager
Eileen Mallow, Deputy Director
Office of Strategic Health Policy
Subject: Long-Term Care Insurance Standards Review

Staff requests that the Group Insurance Board (Board) approve the revised “Standards for Proposing and Offering Long-term Care Insurance to State Employees” (Standards).

Background

The Standards document (Attachment B) was updated in November 2014 with substantive changes from the 1999 version. Changes included the requirements for the benefit thresholds and inflation protection, as well as minor modifications to the process for submitting a proposal for long-term care (LTC) insurance.

The procedural steps have been effective in evaluating two proposals received by the Department of Employee Trust Funds (ETF) in 2015. However, subsequent contract negotiations with insurers have highlighted the need to clarify the roles of entities involved in providing insurance. For example, the revised Standards (Attachment A), identify the *insurer* as the entity with underlying responsibility for the proposing LTC insurance and for entering into a contract with the Board once a plan is approved. ETF staff have encountered difficulty in reaching contractual terms with the insurer (vs. the broker or agent) during the current contracting cycle. ETF staff anticipate that the revised Standards will make the contracting process go more smoothly. Insurer proposals for 2017 participation will be presented to the GIB at the August meeting.

Summary of Changes

1. The “Objectives” section has been retitled as “Purpose,” and its narrative shortened.
2. The role of the insurer in meeting the Standards has been made primary—see sections 4 and 8.
3. The role of a managing general agent or other intermediaries is outlined as being under the insurer.

Reviewed and approved by Lisa Ellinger, Director, Office of Strategic Health Policy

Electronically Signed 5/10/16

Board	Mtg Date	Item #
GIB	5.18.16	5B

Standards for Long-term Care Insurance

April 21, 2016

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4. Text outlining process and contents of proposals has been consolidated to the Checklist portion of the Standards, and the Checklist has been more fully numbered to facilitate submission and review.
5. After the 2017 benefit year, the review cycle is amended to mirror that of other optional plans; proposals are due to ETF at least 12 weeks before the May GIB meeting of each year.
6. A table is now attached, that explains the differences between minimum regulatory qualifications and the standard plan guidelines adopted by the GIB. The table clarifies how the specifications for added value of benefits offered in a GIB approved plan differ from those available to the general public.

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

Attachment A: Standards for Proposing and Offering Long-term Care Insurance to State Employees (Revised)

Attachment B: Standards for Proposing and Providing Long-term Care Insurance (Current)

Standards for Proposing and Offering Long-term Care Insurance to State Employees



Department of Employee Trust Funds
Group Insurance Board
801 West Badger Road
Madison, Wisconsin 53702

November 18, 2014

- [will have new date following Board approval]

Standards for Proposing and Offering Long-term Care Insurance

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1. Purpose

This document, “Standards for Proposing and Offering Long Term Care Insurance,” serves as a resource for insurers interested in offering state employees long term care (LTC) insurance. It sets forth standards insurers must meet and explains the process insurers must follow for submitting a proposal for review and approval by the Group Insurance Board (Board). It outlines responsibilities of entities in implementing a plan that has been approved.

2. Definitions

Group Insurance Board (Board): Eleven (11) member board that sets policy and oversees administration of long term care, group health, life insurance, and income continuation insurance plans for state employees, retirees and the local employers who choose to offer them. The Board also can provide other insurance plans, if employees pay the entire premium. The Board’s authority is governed by [Wis. Stat. § 40.03 \(6\)](#). For more information on the Board visit: http://www.etf.wi.gov/boards/board_gib.htm

Long Term Care (LTC) Insurance: Board approved LTC insurance plans (Plans) as defined under Wisconsin Administrative Rule Ins 3.46 available to state employees. The Board is required to offer LTC insurance to eligible employees and annuitants, and to their spouses, domestic partners and parents. The LTC insurance may be made available based on underwriting to establish each subscriber’s initial eligibility and premium levels. The State does not contribute to LTC insurance premiums; subscribers pay 100% of the premium, and may do so through payroll deduction.

3. Statutory Authority

[Wis. Stat. § 40.03 \(6\) \(a\) \(1\)](#) and [Wis. Stat. § 40.55](#) direct the Board to offer LTC insurance to eligible employees and state annuitants.

Wis. Stat § 40.05(4m) authorizes approval of plan premiums to be paid through payroll or annuity deduction.

4. Standards for Insurers selling LTC Insurance Plans

A. LTC insurers must do all of the following:

1. Hold a license to sell LTC insurance from the Office of the Commissioner of Insurance (OCI) and be in good standing, including compliance with duties outlined in Wis. Admin. Rule Ins 42.05.
2. Comply with all applicable state and federal laws (including without limitation regulations) concerning the confidentiality, privacy, or security of personally identifiable information created, received, or otherwise accessed by the insurer.

3. Demonstrate ability to manage premiums through automated systems for payroll deduction that interface with State payroll systems for employees and annuitants.
4. Ensure that intermediaries and agents, including a managing general agent licensed under Wis. Stat. § 628.04, comply with the terms of these Standards and with terms of a contract between the Board and the insurer.
5. Only sell long LTC insurance plans approved by the Board. The introduction or sale of any other insurance plan or product to state employees, where insurer access to referral was gained through marketing an approved LTC plan, is prohibited without prior Board approval.

5. Standards for LTC Insurance Plans

A. General

1. Plan must:

- a) Be filed with OCI and meet all statutory requirements including those related to benefit design, inflation protection, the WI Partnership Program, and premium increases. (Examples: [Wis. Admin. Code § Ins. 3.45](#); [Wis. Admin. Code § Ins. 3.455](#); [Wis. Admin. Code § Ins. 3.465](#); [Wis. Admin. Code § Ins. 3.46](#)).
- b) Meet additional requirements for minimum daily benefit and lifetime maximum benefit, as outlined in Attachment II.
- c) Demonstrate a history of performance and acceptance by eligible participants and/or a record of positive assessment by other large group entities that make the same or similar Plan available to their employees.

B. Marketing

1. A Board approved Plan may be marketed to State employees as defined by [Wis. Stat. § 40.02 \(25\) \(bm\)](#):

- a) Any employee of the state who received a salary or wages in the previous calendar year
 - b) State annuitants under [Wis. Stat. § 40.02 \(54m\)](#)
 - c) Any participant who was formerly employed by the State who received a lump sum if paid as an annuity
 - d) Any employee who is a resident of Wisconsin and has filed an application for an immediate annuity, regardless of whether final administration has been taken
2. A Plan may also be marketed to the spouse or domestic partner of an employee or annuitant and to the parents of the employee, spouse or domestic partner. Premiums for policies covering any of these family members may be paid for via

payroll or annuity deduction.

C. Reporting

1. Insurers must annually report to ETF for compilation and review by Board, data to include, at a minimum:
 - a) Number of member inquiries
 - b) Number of member inquiries that did not meet the suitability standard, as described in [Wis. Admin. § Ins. 3.46 \(16\)](#)
 - c) Number of policies sold
 - d) Age ranges at time of purchase
 - e) Employers, if active employees purchased policies
 - f) Number of employee/retiree/family
 - g) Premiums total
 - h) Average premium by gender
 - i) Age ranges at time of initial claim
 - j) Number of claims
 - k) Amount of claims paid
 - l) Setting of subscribers in claim status (home, assisted living, skilled nursing facility)
 - m) Number of policies lapsed
 - n) Number of complaints and grievances in previous 3 years, and how resolved
 - o) Other data elements as requested

D. Inflation Protection

1. Policies must include inflation protection as outlined below (*please refer to Attachment II for a comparison of these requirements against those required under state insurance law*):

- a) **Under Age 65:** Automatic annual compounded inflation protection must be included:
 1. Level premiums, with benefits increasing at a rate of at least 3% and
 - a. guaranteed annual opportunity to adjust the compound inflation rate at minimum .5% intervals up or down (within the range of 3% to 5%)
 - b. with premium rates for higher amounts based on age at purchase,
 - c. available until 20 years after purchase or age 76, whichever is earlier;

OR

2. Level premiums with benefits increasing at a rate based on changes in the CPI;

OR

3. Level premiums with benefits increasing at a rate of 5% for 20 years or until age 76, whichever is earlier

b) **At least age 65 but less than 76:** Automatic annual compounded inflation protection described above, OR additional options include:

1. Level premiums with at least 3% annual simple inflation protection until subscriber attains age 76 AND
2. Guaranteed bi-annual purchase option of the difference between current value and 5%, for the earlier of 10 years, or until age 76, or subscriber rejects two *non-consecutive* offers

c) **At least 76:** Must offer same as above, but inflation protection is not required

E. Premium Increases

1. Standards for premium increase by class: The Plan must follow provisions in Ins 3.46(19), which outlines what constitutes a substantial premium increase allowing a non-forfeiture opportunity for the policy-holder. In addition, the plan must show procedures to notify the Department of Employee Trust Funds (ETF), as the agent of the Board, at least 60 days before a class rate increase is scheduled to take effect. ETF should have notice no later than the date notices are mailed or posted to subscribers.

6. Submitting a Proposal

A. Checklist

2. Refer to Attachment I: "Checklist for submitting a long term care insurance proposal to ETF"

B. Timeframe

1. A complete proposal must be submitted no less than 12 weeks prior to the Board meeting at which it will be presented.

C. Submission to ETF

1. LTC insurance Plan proposals should be submitted to the following e-mail address: InsuranceSubmit@etf.wi.gov. If paper copies are requested, they should be sent to:

Department of Employee Trust
Funds Attention Optional Plans
Program Manager P.O. Box 7931,

Madison, WI 53707-7931

Or, if by courier: 801 W. Badger Rd,
Madison WI 53713.

7. Review Process by ETF

- A. ETF staff review the proposal and prepare a recommendation to the Board. ETF will notify the Agent within 10 days that the submission has been received and whether it is accepted as complete.
 - 1. Review by the Board's consulting actuary will range from brief to extensive, based on the features of the plan and clarity of the proposal submitted. The fee for this review will be billed directly to the insurer by the Board's consulting actuarial firm.
 - 2. The review process may include meetings or conference calls with insurer and ETF and/or the consulting actuary.
- B. Any modifications to the proposal must be received by ETF in writing (via email attachment) no later than six weeks prior to the scheduled Board meeting.
- C. A spokesperson for the insurer must be present at the Board meeting. The agenda and documents for Board discussion are posted on ETF's website one week before each meeting.
- D. Marketing materials, including any content for Internet postings must be approved by ETF to ensure they reflect plan provisions and procedures in this Standard. Approval of marketing materials by the OCI is not a substitute for approval by ETF.

8. Administration of Approved Plans

A. Duties of Insurer

- 1. Upon approval, and before the marketing the Plan:
 - a) Insurer must sign a Contract between Board and insurer. If the insurer has agreements with a Managing General Agent or other intermediary, that instrument must be provided as an attachment for consideration of inclusion in the primary contract.
 - b) Provide a marketing plan, including final Plan-specific brochure, application, and sample subscriber contract.
- 2. Must set up payroll deduction procedures in compliance with each State payroll center
 - a) Utilize *Authorization to Deduct Monthly Premium for LTC Insurance* form (ET-2364) or *Retired Public Safety Officer Insurance Premium Deduction - Authorization* form (ET-4330) for all new enrollees and for changes to premiums.

3. Enrollment may begin not less than eight weeks after Board approval, with payroll or annuity deduction for premiums effective no sooner than January 1 of the year following the year the Plan was approved.
4. Pay annual fee within 30 days of receipt of invoice.

B. Duties of Employers and Payroll Center Staff

1. Each payroll and benefits office will set up a system to pay premiums via automatic payroll deduction. Upon receipt of subscriber completed *Authorization to Deduct Monthly Premium for LTC Insurance* form (ET-2364), will initiate or adjust premium deductions.
2. Distribute annual outreach message to employees through electronic messaging or newsletter, using content provided by an agent of the insurer and approved by ETF.

C. Duties of ETF

1. Facilitate insurer outreach to members:
 - a) Provide the insurer or its agent with a list showing contact information for each State agency and payroll center
 - b) Annually review, approve, and distribute text of brief informational outreach message provided by the insurer or its agent
 - c) Annually prepare census list for direct marketing, if requested by the insurer or agent.
3. Set up a system to pay premiums via automatic annuity deduction. Upon receipt of subscriber completed *Authorization to Deduct Monthly Premium for LTC Insurance* form (ET-2364) or *Retired Public Safety Officer Insurance Premium Deduction - Authorization* form (ET-4330) for eligible members, implement or change premium deduction.
4. Prepare annual invoice reflecting the direct costs incurred by the Board and its agents (ETF) in administering this LTC insurance for members and employers.

Attachment I

Checklist for submitting a long-term care insurance proposal to the Wisconsin Department of Employee Trust Funds

Attach this checklist as the final item with your proposal. Number and label each item in the proposal according to the tab numbers on the checklist. Please consult the language referenced in the Standard, to ensure that your itemized sections are complete.

- ETF's e-mail system has a size limit of 15 MB—that includes the message and its attachments. You may need to send items as attachments to e-mail message 1 of 2, and 2 of 2, for example.
- A complete proposal that includes all elements required by the Standard must be *received* by ETF by 4:15 on the due date.
 - A paper copy will be accepted, but must be accompanied by an electronic version within 3 business days.
 - ETF reserves the option to request up to 20 paper copies prior to the Board meeting

Tab #	Standard #	Document name/purpose	Notes
1		Cover letter from the Insurer, including:	
1.1	5.A.1.	-Marketing title, Plan ID as registered with OCI, date of OCI registry	
1.2	5.A.1.a.	-Plan name and identification number of Plan being replaced, if any.	
1.3	5.A.1.b.	-Brief narrative description of plan, identifying how it conforms to Board Standards for benefits. Please see Attachment II for additional benefit detail.	
1.4	7.A.1	Acknowledge the requirement to pay the fee for initial actuarial review.	
1.5	8.A.4. and 8.C.4.	Acknowledge the requirement to pay annual administration fee.	
2		Contacts and references:	
2.1	4.A. and 4.A.4.	List of contact persons for managing the proposal review on behalf of the Insurer. Include name, title, email address, phone, and mailing address. Include a name and address to receive the invoice from the Board's actuary.	
2.2	5.B.	Functional web addresses for Insurer and Agent, with links to related plans if possible.	
2.3	5.A.1.c)	List of three current or recent employers from which the Insurer collects LTC insurance premiums via electronic fund transfer, including name and contact information for the employee benefits office of each entity. <ul style="list-style-type: none"> • Include at least one government agency. <ul style="list-style-type: none"> • For government groups, list the number of participants enrolled in previous year, and 	

		<p>the number with in-force plan</p> <ul style="list-style-type: none"> • Include at least one large group, additional references welcome 	
3		Attachments:	
3.1	5.A.1.	Documentation that the plan meets necessary requirements for sale in this state. Include completed copy of OCI's Form Filing Checklist OR IIPRC-LTC-I-3-CORE	
3.2	5.A.1.	Premium schedule	
3.3	7.A.1.	Actuarial Analysis from Insurer's actuary, focused on the assumptions used in setting rates for this specific form	
3.4	7.D.	Application sample with clear identification of policy riders that apply and do not apply to this proposed plan	
3.5	7.D.	Narrative description of the Chapter 40 policy, including detailed listing of exclusions and limitations	
3.6	7.A.2.	Summary of Plan, suitable for comment from member advisors. May be mock-up of brochure, if it accurately depicts the Plan presented to the Board.	
4		Service expectations	
4.1	5.C.1.	Detailed description of process to file complaints and grievances with the agent and insurer	
4.2	5.C.1.	Outline demonstrating ability to provide excellent customer service, including data on response rates and complaint resolution	
4.3	4.A.4 and 4.A.5	List of selling agents	
5	4.A.3	Specifications for electronic records exchange	
6	Other	Please label and itemize any additional submissions.	

Attachment II Comparison of Benefit Standards for Long-Term Care (LTC) Insurance

	Wisconsin Administrative Rule ETF 41, repealed 2015	Office of the Commissioner of Insurance (OCI) standards, Wisconsin Administrative INS 3.46 and 3.465	Standards for Proposing and Providing LTC Insurance with Approval by the Group Insurance Board (Board)
Levels of care covered	Purpose includes— “Promote the use of non-institutional care settings.” Wis. Admin ETF 41.02(2) Nursing home (NH), home health care agency, or adult day care center. Uses specific definitions, including that home health care be for skilled nursing care through Medicare-approved agency.	Defines NH, home health care, personal care, adult day care, AND assisted living residential facility, with more adaptability. Specifically cannot require home care to be Medicare certified.	Follow OCI standards
Minimum \$ benefit	Wis. Admin ETF 41.02(3) Daily- \$50 in nursing home; 75% of NH cost for home health agency; 50% of NH cost for adult day care.	Minimum \$60 per day ➤ Option to purchase coverage for home or community care that is equal to NH coverage <i>or</i> ➤ Community care and home care must be at least 50% of NH coverage.	For NH care = \$120/day , or OCI, “whichever is higher” Community= 50% of NH base (i.e.\$60/day)
Lifetime Maximum	Wis. Admin ETF 41.02(2) \$36,500 [note- $\$36,500 \div 50 \div 12 = 24.3$ months]	Minimum one year of coverage. $\$60 \times 365 \text{ days} = \$21,900$	\$120,000 lifetime maximum (retain minimum one year per OCI)

Requires previous inpatient care?	Not allowed to require one level of care to be contingent on another level	Must provide benefit “Whether or not care is medically necessary, but may require plan of care.” Cannot require hospitalization.	OCI standards
Elimination period	Wis. Admin ETF 41.02(6) not more than 120 days total (consecutive or not) must be used before benefit payments begin	Ins 3.46(12) Cannot offer more than 180 days UNLESS clearly also shows alternative with less than 180 days.	Not more than 120 days
Protection against unintended lapse	Allows cancellation for non-payment of premium	Must offer non-forfeiture benefit that provides paid-up insurance if your policy lapses for non-payment	OCI standards
Claim threshold	Wis. Admin ETF 41 silent. Defines ‘activities of daily living’ (ADL) but does not use the definition in standards.	Deficits in performing 2 or more ADLs or dementia affects safety(IIPRC 2010)	OCI standards
Tax Consequences	Silent	Must meet IRS definition of qualified LTC insurance under IRC 7702B(b)	OCI standards
Complaint/appeal procedure	Guideline requires plan to “file with the Board a detailed description of how member complaints will be resolved,” including name and telephone number of contact to receive complaints.	Must describe benefit appeal procedure, and insurer must respond with decision in 30 days	OCI standards

Standards for premium increase by class	None, nor notification to Board or ETF, once plan is approved	Ins 3.46(19) Triggers for substantial premium increase allowing non-forfeiture	OCI, but add requirement to notify ETF Examples: -Under 65 = 50% -Age 65-80= 30% -Over 80 = 10%
Inflation protection	ETF/ Board	OCI	Standards for Proposing and Providing LTC Insurance with Approval by the Group Insurance Board (Board)
<p>“Partnership” by Age at time of purchase:</p> <p>Under age 61</p>	41.02(5) <i>applies to any age, although Board has approved policies that stop guaranteed purchase at age 80.</i>	<p>Ins 3.465 (5) (Partnership LTC insurance), Automatic annual compounded inflation protection</p> <ul style="list-style-type: none"> ➤ At a rate of at least 3% compound, or ➤ At a rate based on changes in the consumer price index OR ➤ At a rate of at least 3% compound and <ul style="list-style-type: none"> > Increases automatically unless insured rejects an increase [rejection of increase negates Partnership status] and >until insured attains age 76 and >premiums may increase based on age for the 	<p>Under Age 65 Automatic annual compounded inflation protection must be included:</p> <ul style="list-style-type: none"> ➤ At a rate of at least 3% with guaranteed annual opportunity to adjust the compound inflation rate at minimum 1% intervals up or down (within the range of 3 to 5%) with rates for higher amounts based on age at purchase available until 20 years after purchase or age 76, whichever is earlier OR ➤ At a rate based on changes in the CPI <p>OR</p> <ul style="list-style-type: none"> ➤ At a rate of 5% for 20 years or until age 76, whichever is earlier

		additional coverage amounts	
At least age 61 but less than 76		Automatic annual compounded inflation protection described above, <i>OR</i> ➤ At least 3% annual simple inflation protection	At least age 65 but less than 76, Automatic annual compounded inflation protection described above, <i>OR</i> additional options include: ➤ At least 3% annual simple inflation protection until insured attains age 76 AND ○ Guaranteed bi-annual purchase option for 10 years or until age 76 or rejects two <i>non-consecutive</i> offers
At least age 76		No less restrictive than in all of the above, but Inflation protection is not required	At least 76: Must offer same as above, but inflation protection not required

¹ Activities of Daily Living include, at least, bathing, continence, dressing, eating, toileting, and transferring (such as from bed to chair).

Standards for Proposing and Providing Long-term Care Insurance



Department of Employee Trust Funds
Group Insurance Board
801 West Badger Road
Madison, Wisconsin 53702

November 18, 2014

Standards for Proposing and Providing Long-Term Care Insurance

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1. Objectives

As outlined in Wis. Stat.40.55, the Group Insurance Board (Board) is required to offer long-term care (LTC) insurance to eligible employees and annuitants, and to their spouses, domestic partners and parents. The LTC insurance may be made available based on underwriting to establish each subscriber's initial eligibility and premium levels. The State does not contribute to premiums. For a plan to be considered by the Board it must have been filed with the Office of the Commissioner of Insurance (OCI). These Standards outline the following:

- further qualifications of policies for which a managing general agent (Agent) seeks approval from the Board;
- procedures for submitting proposals;
- marketing approved insurance; and
- contract features outlining ongoing administrative requirements for plans that receive Board authorization.

In offering LTC insurance that meets standards outlined by the Board, the State seeks to contribute to the objectives established for the public employee trust fund: to aid public employees to protect themselves and their beneficiaries against the financial hardships of old age, disability, illness and accident--thereby promoting economy and efficiency in public service by facilitating the attraction and retention of competent employees and enhancing employee ability to perform their duties, while minimizing the stress of contributing to care of a parent or spouse in need of long-term care.

2. Statutory Authority

Statutory Authority is described in Wis. Stat. Ch. 40.03(6)(a)1., and in Wis. Stat. Ch. 40.55 - Long Term Care Coverage, which states in part:

“... the state shall offer, through the group insurance board, to eligible employees... and to state annuitants long-term care insurance policies which have been filed with the office of the commissioner of insurance and which have been approved for offering under contracts established by the group insurance board.”

Rule-making authority is described in Wis. Admin. ETF 10.20, which authorizes approval of plan premiums to be paid through payroll or annuity deduction.

3. Standards for Plan Provisions

A. General standards

An LTC insurance plan (Plan) approved by the Board must:

1. Demonstrate approval by OCI.
2. Fulfill an important coverage need for eligible subscribers by offering benefits, value, and service not otherwise available under Plans approved

by the Board.

3. Demonstrate a history of performance and acceptance by eligible participants and/or a record of positive assessment by other large group entities that make the same or similar Plan available to their employees.
4. Demonstrate ability to manage premiums through automated systems for payroll deduction that interface with State payroll systems for employees and annuitants.

B. Persons eligible to subscribe

1. A Plan approved under these Standards may be marketed to State employees as defined by Wis. Stat. 40.02(25)(bm):
 - a) Any employee of the state who received a salary or wages in the previous calendar year
 - b) State annuitants under Wis. Stat. 40.02(54m)
 - c) Any participant who was formerly employed by the State who received a lump sum if paid as an annuity
 - d) Any employee who is a resident of Wisconsin and has filed an application for an immediate annuity, regardless of whether final administration has been taken
2. A Plan may also be marketed to the spouse or domestic partner of an employee or annuitant and to the parents of the employee, spouse or domestic partner. Premiums for policies covering any of these family members may be paid for via payroll or annuity deduction.
3. All of the above comprise a group of **Eligible Chapter 40 Subscribers**. Each applicant may be subject to underwriting, under standards in Wis. Admin Code Ins. 3.46(10).

C. Coverage and costs for marketed plan:

Prior to approval by the Board, a Plan must demonstrate that it has met the uniform product standards and *received approval* from OCI. In addition, to ensure quality and value for eligible subscribers under Wis. Stat. 40.55, the policy, as marketed and sold to Eligible Chapter 40 subscribers, must meet specific standards of benefits and costs as outlined below, at a minimum.

1. Basic Standards – OCI and enhanced standards:

Be approved as a Partnership Plan under Wis. Admin Ins. 3.465. Meet or exceed Plan requirements of OCI or the Interstate Insurance Product Regulation Commission (IIPRC), as outlined in Form Filing Checklist – Long-Term Care Insurance or IIPRC-LTC-I-3-CORE, which include but are not limited to:

- a) Cover a full range of care settings and methodologies, from homemaker services to skilled nursing home care
- b) Provide a minimum daily benefit for care equal to that prescribed in Ins 3.46(4)(b), or \$120/day, whichever is higher
- c) Provide a lifetime maximum benefit of no less than \$120,000
- d) Cover long-term care without the need for previous hospitalization or prior use of other levels of care
- e) Provide care after an elimination *period not to exceed 120 days*, whether or not days are consecutive
- f) Offer non-forfeiture benefit if a policy lapses due to lack of payment
- g) Provide coverage when the subscriber shows deficits in performing 2 (two) or more Activities of Daily Living (ADLs) as defined in Ins 3.46(17), or dementia that affects safety

2. Inflation Protection:

Policies as marketed to Eligible Chapter 40 Subscribers must include inflation protection as outlined below:

- a) **Under Age 65:** Automatic annual compounded inflation protection must be included:
 - 1. Level premiums, with benefits increasing at a rate of at least 3% with guaranteed annual opportunity to adjust the compound inflation rate at minimum .5% intervals up or down (within the range of 3% to 5%) with premium rates for higher amounts based on age at purchase, available until 20 years after purchase or age 76, whichever is earlier; OR
 - 2. At a rate based on changes in the CPI; OR
 - 3. At a rate of 5% for 20 years or until age 76, whichever is earlier
- b) **At least age 65 but less than 76:** Automatic annual compounded inflation protection described above, OR additional options include:
 - 1. At least 3% annual simple inflation protection until subscriber attains age 76 AND
 - 2. Guaranteed bi-annual purchase option of the difference between current value and 5%, for the earlier of 10 years, or until age 76, or subscriber rejects two *non-consecutive* offers
- c) **At least 76:** Must offer same as above, but inflation protection is not required

3. Additional standards:

- a) Tax consequences: the Policy must meet the federal requirements for tax-qualified LTC policies: Ins 3.46(18)(b) and Ins 3.465(3)(b)2.
- b) Standards for premium increase by class: The Plan must follow provisions in Ins 3.46(19), which outlines what constitutes a substantial premium increase allowing a non-forfeiture opportunity for the policyholder. In addition, the plan must show procedures to notify the Department of Employee Trust Funds (ETF), as the agent of the Board, at least 60 days before a class rate increase is scheduled to take effect. ETF should have notice no later than the date notices are mailed or posted to subscribers.
- c) Standards for agent training and compliance with marketing acts and practices as outlined in Ins. 3.46 (23).

4. Procedure for Submitting a Proposal

Any Agent seeking Board approval of an LTC insurance policy must first submit a proposal to this e-mail address: InsuranceSubmit@etf.wi.gov. If paper copies are requested, they should be sent to:

Department of Employee Trust Funds
Attention Optional Plans Program
Manager P.O. Box 7931, Madison, WI
53707-7931

Or, if by courier: 801 W. Badger Rd,
Madison WI 53713.

Time frame: A complete proposal must be submitted no less than 12 weeks prior to the Board meeting at which it will be presented.

Documentation outlined below should be sent via e-mail to ETF's Optional Plan Program Manager initially, with separate attachments. Bound paper copies may be requested by ETF and if so requested must be provided no less than 15 days prior to the Board meeting at which the proposal will be presented.

- A. **Cover letter** from Wisconsin Managing General Agent licensed to market LTC insurance in the state of Wisconsin, outlining:
 1. Marketing title/working title of new Plan, and Plan ID registered with OCI
 2. Plan identification number and working title of Plan to be replaced
 3. Brief narrative description of Plan. Clearly identify how the marketed Plan will conform to Board standards; do not simply submit a brochure used for general, non-Chapter 40 marketing
 4. Include a signed statement from an officer of the insurer, authorizing the General Agent to offer this plan on behalf of the insurer, and stating

awareness of administrative requirements for ongoing management.

B. References and contacts:

1. List of contact persons for managing the proposal review on behalf of the Insurer and of the Wisconsin Managing General Agent
2. Functional web addresses for Insurer and Agent, with links to related plans if possible.
3. List of three current or recent employers from which the Insurer collects LTC insurance premiums via electronic fund transfer, including name and contact information for the employee benefits office of each entity.
 - At least one employer should be a government agency.
 - For participating government groups, list the number of participants enrolled in previous year, and the number with in-force plan
4. Other large groups: at least one as reference, additional list welcome

C. Attachments (Use checklist, Clearly mark any sections that should be regarded as confidential.).

1. Plan:
 - a) Documentation of approval from OCI
 - b) Clearly identify which policy variables apply to Board proposal, in a separate application sample
 - c) Complete narrative description of the policy as it will be made available to Eligible Chapter 40 Subscribers. The description of benefits must include a detailed listing of exclusions and limitations.
 - d) Premium schedule
 - e) A detailed description of the process for an applicant or subscriber to report a complaint with the Agency and Insurer
2. Actuarial analysis, sufficient to allow the Board's consulting actuary to review policy variables required under these Standards.
3. Demonstration of ability to provide adequate customer service
4. List of selling agents at the time of the proposal
5. A summary of the Plan suitable for publication for member comment must be provided (may be a sample brochure if it accurately depicts the Plan as presented to the Board)

5. Review Process by the Department of Employee Trust Funds

- A. ETF staff review the proposal and prepare recommendation to Board. ETF will notify the Agent within 10 days that the submission has been received and accepted as complete.
 - 1. Review by the Board's consulting actuary will range from brief to extensive, based on the features of the plan and clarity of the proposal submitted. The fee for this review will be billed directly to the Managing General Agent by the Board's consulting actuarial firm.
 - 2. The review process may include meetings or conference calls with Insurer and ETF and/or the consulting actuary.
- B. Any modifications to the proposal must be received by ETF in writing (via email attachment) no later than six weeks prior to the scheduled Board meeting.
- C. A spokesperson for the Agent must be present at the Board meeting. The agenda and documents for Board discussion are posted on ETF's website one week before each meeting.
- D. Marketing materials, including any content for Internet postings must be approved by ETF to ensure they reflect plan provisions and procedures in this Standard. Approval of marketing materials by the OCI is not a substitute for approval by ETF.

6. Administration of Approved Plans

- A. Duties of Managing General Agent
 - 1. Upon approval, and before the Agent may market the Plan:
 - a) Sign Administrative Agreement
 - b) Provide marketing plan, including final Plan-specific brochure, application, and subscriber contract
 - 2. Must set up payroll deduction procedures in compliance with each State payroll center
 - 3. Enrollment may begin not less than eight weeks after Board approval, with payroll or annuity deduction for premiums effective January 1 of the year following the year the Plan was approved.
 - 4. Utilize *Authorization to Deduct Monthly Premium for LTC Insurance* form (ET-2364) or *Retired Public Safety Officer Insurance Premium Deduction - Authorization* form (ET-4330) for all new enrollees and for changes to premiums.
 - 5. Pay annual fee within 30 days of receipt of invoice.
 - 6. Annual reporting to ETF for compilation and review by Board. Data to include, at a minimum:

- a) Number of inquiries
- b) Number of inquiries that did not meet the suitability standard, as described in Wis. Admin. Ins. 3.46(16)
- c) Number of policies sold
- d) Age ranges at time of purchase
- e) Employers, if active employees purchased policies
- f) Number of employee/retiree/family
- g) Premiums total
- h) Average premium by gender
- i) Age ranges at time of initial claim
- j) Number of claims
- k) Amount of claims paid
- l) Setting of subscribers in claim status (home, assisted living, skilled nursing facility)
- m) Number of policies lapsed
- n) Other data elements as requested

B. Duties of Employers and Payroll Center Staff

1. Each payroll and benefits office will set up a system to pay premiums via automatic payroll deduction. Upon receipt of subscriber completed *Authorization to Deduct Monthly Premium for LTC Insurance* form (ET-2364), will initiate or adjust premium deductions.
2. Distribute annual outreach message to employees through electronic messaging or newsletter, using content provided by Agent, approved by ETF.

C. Duties of ETF

1. Facilitate Agent's outreach to members:
 - a) Provide Agent with a list showing contact information for each State agency and payroll center
 - b) Annually review, approve, and distribute text of brief informational outreach message provided by Agent.
 - c) Annually prepare census list for direct marketing, if requested by the Managing General Agent.
2. Set up a system to pay premiums via automatic annuity deduction. Upon receipt of subscriber completed *Authorization to Deduct Monthly Premium for LTC Insurance* form (ET-2364) or *Retired Public Safety*

Officer Insurance Premium Deduction - Authorization form (ET-4330) for eligible members, implement or change premium deduction.

3. Prepare annual invoice reflecting the direct costs incurred by the Board and its agents (ETF) in administering this LTC insurance for members and employers.