



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 21, 2016
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 one minor exception that is discussed on page 5 of the report.

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

Attachment A: ICI and LTDI Program Annual Report

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

Electronically Signed 5/9/16

Board	Mtg Date	Item #
GIB	5.18.16	6E



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Group Insurance Board 2015 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 2015. 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 2015 performance compared to 2014 performance in each category.

Aetna administers two disability programs for Employee Trust Funds (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 2016. 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 2015, Aetna made enhancements to our Workability Customer Portal which increased functionality for ETF claimants to allow them to schedule an appointment time to speak with their Disability Benefit Manager (DBM) and email directly with their DBM through the Workability Customer Portal.

Aetna partnered with ETF on two process efficiencies in 2015:

- Electronic ICI enrollment applications – The State Central Payroll agencies, (with ETF) rolled out an electronic enrollment application process. Aetna conducted audits and provided feedback to ETF.
- ETF launched its new myETF benefit system (the first rollout of 3) – Aetna worked closely with ETF on the training with the Aetna staff to avoid interruptions or delays in benefit processing.

2015 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 2015 both phone performance standards were met without exception. All quarterly and annual call metrics in 2015 are shown in the table below:

Call Metrics					
2015	Total Calls Received	Service Level	Total Answered in 60 seconds	Abandonment Rate	Calls Abandoned
Q1	1,889	96.0%	1,812	0.7%	14
Q2	2,152	96.6%	2,080	0.5%	11
Q3	2,125	93.5%	1,988	1.6%	34
Q4	1,957	92.0%	1,802	1.6%	33
Total YTD	8,123	94.5%	7,682	1.1%	92

Aetna continues to evaluate 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	Total Number of Phone Calls	Total Answered in 60 seconds	Abandonment Rate
2015	8,123	94.5%	1.1%
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%
Average over last 5 years	8,838	92.5%	1.9%

2015 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. In 2015 Q4, Aetna failed to send one applicant's determination within 15 business days and therefore did not meet the performance standard. This error was due to the learning curve associated with the new myETF imaging system. Aetna provided additional training to the team and this is not expected to be an issue in the future.

In 2015 Aetna processed 294 EOI applications for ETF members. A summary by plan is shown in the table below:

Summary by Plan	
Total State Applications Received:	187
Approved:	152
Denied:	35
Total Local Applications Received:	107
Approved:	89
Denied:	18
Annual Total	
Total Applications Received:	294
Approved:	241
Denied:	53

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 2015 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 2015 was **4.09** out of 5.
- For LTD ICI and LTDI, Aetna's average score for 2015 was **4.50** 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.

2015 New Claim Experience

This section of the annual report will focus on *new claims* in 2015.

Historically, ETF has seen between a 1% to 3% fluctuation in new claims each year; however, in 2015 there was a 7% decrease in new claims compared to 2014. LTDI claims had the largest increase in claim volume in 2014 (4.9%), but they had the largest decrease in claim volume in 2015 (23%). A more detailed discussion on the decline in new LTDI claims can be found on page 13.

New Claim Counts by Plan					
	2015	2014	2013	2012	2011
State ICI	1,581	1,645	1,648	1,663	1,740
Local ICI	137	118	130	90	110
LTDI	409	532	507	554	409
Total	2,127	2,295	2,285	2,307	2,259

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 74% of all new ETF claims in 2015.

There were a total of 1,581 new State ICI claims in 2015. A breakdown of new claims by quarter and plan are shown in the table below:

2015 State Quarterly Claim Counts		
	STD ICI	LTD ICI*
Q1	333	59
Q2	358	51
Q3	330	52
Q4	337	61

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

The STD plan accounts for 86% of new State ICI claims in 2015.

Total new STD ICI claims: 1,358

Total new LTD ICI claims: 223

The claim volume of both STD and LTD State ICI claims showed a decrease of 4% compared to 2014, which totaled 1,645 State ICI claims.

From a claim demographic perspective, State STD ICI claims are made up of 75% of claims belonging to females with an average age of 42 and 25% of claims belonging to males with an average age of 48. State LTD ICI claims are made up of 69% of claims belonging to females with an average age of 50 and 31% of claims belonging to males with an average age of 52.

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 2015.

State STD ICI Claims - Diagnostic Categories and Durations			
Total Days	Claims	Total Days	Average Duration
MUSCULOSKELETAL DISORDERS	421	58807	139
MENTAL HEALTH DISORDERS	134	25839	192
OBSTETRIC CARE	315	16574	53
ONCOLOGIC DISORDERS	76	14905	196
NEUROLOGIC DISORDERS	53	13132	247
RHEUMATOLOGIC DISORDERS	98	12778	130
CARDIAC DISORDERS	25	4068	162
DIGESTIVE DISORDERS	37	3347	90
INJURY/POISONING	67	2792	41
GYNECOLOGIC DISORDERS	41	2631	64
OTHER	18	2341	130
RESPIRATORY DISORDERS	11	2297	208
RENAL DISORDERS	6	1643	273
ENDOCRINE/METABOLIC DISORDERS	9	1559	173
SKIN DISORDERS	18	1496	83
VASCULAR DISORDERS	6	1143	190
INFECTIOUS DISEASE	8	1081	135

Musculoskeletal disorders continue to drive State STD ICI lost work days and utilization in 2015. 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 2014 and 2015 for the State STD ICI plan.

Musculoskeletal disorders average duration decreased by one day from 2014 to 2015; however, the average duration for mental health disorders increased by 36 days in 2015. Obstetric care continues to have a high claim count; however, the average duration for these claims remains short and only increased by one day from 2014 to 2015.

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 2015.

State LTD ICI Claims - Diagnostic Categories and Durations			
Total Days	Claims	Total Days	Average Duration
MUSCULOSKELETAL DISORDERS	71	20746	292
MENTAL HEALTH DISORDERS	42	14342	341
NEUROLOGIC DISORDERS	19	7038	370
OTHER	25	6702	268
ONCOLOGIC DISORDERS	18	3794	210
RHEUMATOLOGIC DISORDERS	11	2293	208
CARDIAC DISORDERS	6	933	155

Musculoskeletal disorders also drive the State LTD ICI plan in lost work days and utilizations in 2015.

Musculoskeletal disorders, mental health disorders, and neurologic disorders remain the top diagnostic categories in 2014 and 2015 for the State LTD ICI plan.

Musculoskeletal disorders average duration decreased by 20 days from 2014 to 2015. Neurologic disorders average duration also decreased in 2015 by 8 days, where mental health disorders increased by 33 days in 2015.

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

There were a total of 137 new Local ICI claims in 2015. A breakdown of new claims by quarter and plan are shown in the table below:

2015 Local Quarterly Claim Counts		
	STD ICI	LTD ICI
Q1	20	3
Q2	37	3
Q3	39	2
Q4	28	5

The STD ICI plan accounts for 91% of new Local ICI claims in 2015.

Total new STD ICI claims: 124

Total new LTD ICI claims: 13

The volume of both STD and LTD Local ICI claims increased from 2014 to 2015 by 16%. In 2014, there were 104 STD claims and 14 LTD claims for a total of 118 new claims.

From a claim demographic perspective, Local STD ICI claims are made up of 61% of claims belonging to females with an average age of 41 and 39% of claims belonging to males with an average age of 49. Local LTD ICI claims are made up of 69% of claims belonging to females with an average age of 50 and 31% of claims belonging to males with an average age of 57.

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 2015.

Local STD ICI Claims - Diagnostic Categories and Durations			
Total Days	Claims	Total Days	Average Duration
MUSCULOSKELETAL DISORDERS	32	4438	138
OTHER	18	3029	168
NEUROLOGIC DISORDERS	11	2837	257
ONCOLOGIC DISORDERS	9	2018	224
OBSTETRIC CARE	39	1700	44
RHEUMATOLOGIC DISORDERS	6	1360	226
CARDIAC DISORDERS	6	602	100

Musculoskeletal disorders also drive the Local STD ICI plan in lost work days and utilization in 2014 and 2015. Mental health disorders were prevalent in 2014 representing the second highest diagnostic category; however, they are not prevalent in 2015. Obstetric care remains high in claim volume in 2015, but the average duration remains low at 44 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			
Total Days	Claims	Total Days	Average Duration
MENTAL HEALTH DISORDERS	2	756	378
MUSCULOSKELETAL DISORDERS	2	468	234
NEUROLOGIC DISORDERS	2	390	195
CARDIAC DISORDERS	1	389	389
RESPIRATORY DISORDERS	1	388	388
ONCOLOGIC DISORDERS	3	155	51

Oncologic disorders lead the Local LTD ICI claims for 2015; however, they have the lowest average duration. The cardiac, respiratory, and mental health disorders have significantly higher average durations.

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 409 new LTDI claims in 2015, which is a decrease of 123 claims (23%) compared to 2014. A breakdown of new claims by quarter is shown in the table below:

2015 LTDI Quarterly Claim Counts	
	LTDI
Q1	95
Q2	99
Q3	117
Q4	98

The decline in the number of LTDI claims is most likely a result of the following three factors:

- The economic downturn in 2008 and early 2009 was thought to be a major reason for the jump in disability claims over the last number of years. The current decrease in claim numbers could be related to a perceived or actual improvement in the economy and economic security. The claim counts after 2008 were likely higher than normal and perhaps, as the economy has improved, we are seeing stabilization in LTDI counts.
- Aetna had previously been requesting that claimants apply for LTDI at the 6-month mark of their ICI claim. We found that a high number of LTDI claims initiated at 6 months were ultimately withdrawn or denied because the claimant either returned to work or did not meet the clinical definition of disability under LTDI. In early 2015, ICI case owners were asked to hold off directing ICI claimants to apply for LTDI until 9 months into their ICI claim in order to avoid claims being filed unnecessarily, unless the claimant's diagnosis was a chronic or terminal condition. The delay created a "new claims" void for a period of time in 2015 and ultimately a reduction in overall LTDI claims being filed.
- In previous versions of the Annual Report we included claims that were started in error by Aetna staff as "withdrawals" in the total claim counts. (These errors occur when a claim is initiated under the wrong plan type.) In this year's Annual Report we did not include those claims in our total claim counts. This change would also account for a drop in the total LTDI claim counts.

From a claim demographic perspective, LTDI claims are made up of 60% of claims belonging to females with an average age of 49 and 40% of claims belonging to males with an average age of 54.

LTDI	
Employer Type	Claim Count
STATE	154
SCHOOL	107
COUNTY	57
CITY	40
HOSP. BD & AUTHORITY	15
VILLAGE	11
TOWN	10
COLLEGE	9
LOCAL	5
ELECTRIC & WATER	1

In 2014 and 2015, 64% of all LTDI claims are made up of School and State claims.

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 2015.

LTDI Claims - Diagnostic Categories and Durations	
Diagnosis	Claims
INJURY/POISONING	124
MUSCULOSKELETAL DISORDERS	53
NEUROLOGIC DISORDERS	48
MENTAL HEALTH DISORDERS	47
ONCOLOGIC DISORDERS	36
RHEUMATOLOGIC DISORDERS	20
OTHER	20
CARDIAC DISORDERS	10
RENAL DISORDERS	8
RESPIRATORY DISORDERS	8
ENDOCRINE/METABOLIC DISORDERS	6

In both 2014 and 2015, the top two diagnostic categories for LTDI claims are injury/poisoning and musculoskeletal; these diagnostic claim types comprise 43% of LTDI claims in 2015. The number of neurologic disorders decreased by 11 claims in 2015 and the number of mental health disorders decreased by one claim in 2015.

Comparisons

Musculoskeletal disorders remain a top diagnostic category for lost work days across ETFs plans in 2015. 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 30% 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 2015 for Aetna's book of business:

Aetna's Overall book of business STD Diagnostic Categories	
Diagnosis	Percentages
MUSCULOSKELETAL DISORDERS	30%
OBSTETRIC CARE	17%
DIGESTIVE DISORDERS	8%
MENTAL HEALTH DISORDERS	7%
RHEUMATOLOGIC DISORDERS	6%
ALL OTHER	32%

The table below details Aetna's top five diagnostic categories in LTD in 2015 for Aetna's book of business:

Aetna's Overall book of business LTD Diagnostic Categories	
Diagnosis	Percentages
MUSCULOSKELETAL DISORDERS	33%
ONCOLOGIC DISORDERS	14%
NEUROLOGIC DISORDERS	12%
MENTAL HEALTH DISORDERS	9%
RHEUMATOLOGIC DISORDERS	6%
ALL OTHER	26%

Active Claim Summary

The tables below contain both new and existing claims paid in 2011 through 2015. 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 33% of the cost of all ETF disability programs. State STD ICI claim counts decreased in 2015; however, the average cost per claim slightly increased. State LTD ICI claim counts also decreased in 2015 with a moderate increase to the average cost per claim.

State ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per Claim
STD	2015	\$8,508,791.47	1,709	\$4,978.81
	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	\$5,066.44
LTD	2015	\$9,769,243.73	1,202	\$8,127.49
	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 STD ICI claim counts increased from 2014 to 2015 with an average cost per claim increasing by \$536.00. The LTD ICI claim counts decreased by 6; however, the average cost per claim saw an increase of \$2,770.

Local ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per Claim
STD	2015	\$601,838.49	138	\$4,361.15
	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	2015	\$422,000.03	61	\$6,918.03
	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 \$733.93 in 2015 with an additional 112 claims.

LTDI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per Claim
LTDI	2015	\$36,779,464.18	2,574	\$14,288.84
	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 2015 the total cost of all ETF disability plans combined increased by \$4,038,046.56, or 8%, and the total number of claims increased by less than 1% (17 claims).

All Disability Programs (State ICI, Local ICI, LTDI)			
	Year	Total Cost of Claims	Number of Claims
All Disability Programs (State ICI, Local ICI, LTDI)	2015	\$56,081,337.90	5,684
	2014	\$52,043,291.34	5,667
	2013	\$47,314,555.78	5,415
	2012	\$43,321,908.60	5,205
	2011	\$40,270,255.96	4,960

Conclusion

Customer service metrics were exceeded in the areas of phone performance, claim decision turnaround times, and customer service surveys. The performance standard for EOI processing was missed due to one application that we failed to send a determination notice to the applicant within 15 days.

The total new claim volume for ETF in 2015 decreased by 7% compared to 2014.

Since 2011 we have seen a gradual decrease in the number of new State ICI claims. In 2015, the State ICI plans saw a 4% decrease, or a decrease of 64 new claims, when compared to 2014. The Local ICI plans saw a 16% increase, or an increase of 19 new claims, from 2014 to 2015. The LTDI plan saw the largest variation with a 23% decrease in new claims from 2014 to 2015, or a decrease of 123 claims. 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.

In 2016, 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 remaining concentration in 2016 will be a continued focus on technology and identifying opportunities to further improve processes. Phase two of the myETF rollout is tentatively scheduled for January, 2018. Aetna looks forward to collaborating on processes related to premium waiver, ICI eligibility and continued improvement to the member experience. 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.