

# Disability Programs Redesign

Item 10B - Group Insurance Board

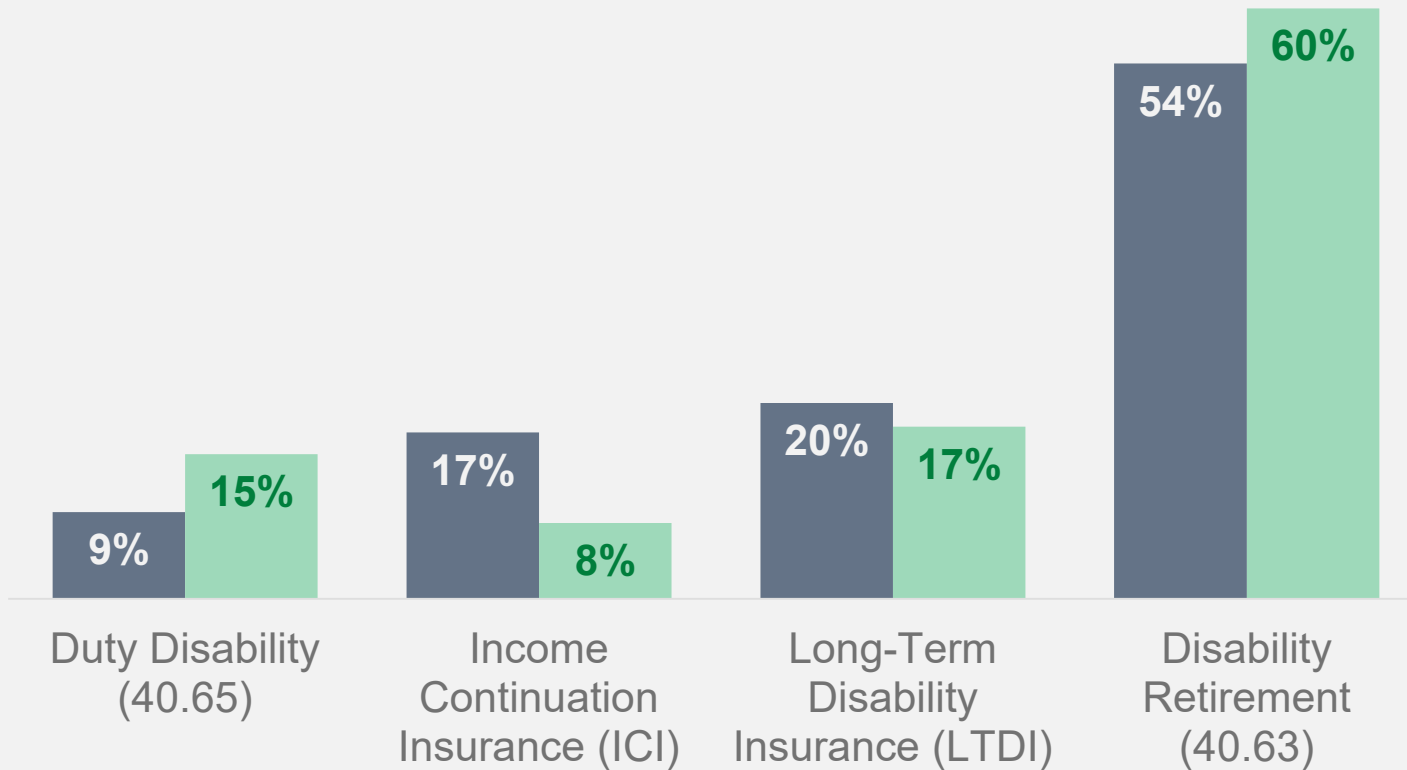
Jim Guidry, Director

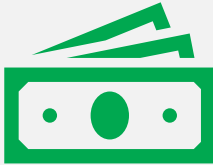
Benefit Services Bureau



# Disability Programs

■ Share of benefit recipients    ■ Share of benefit payments



 **\$240.8 million**  
annual benefit payments

 **11,628**  
separate claims

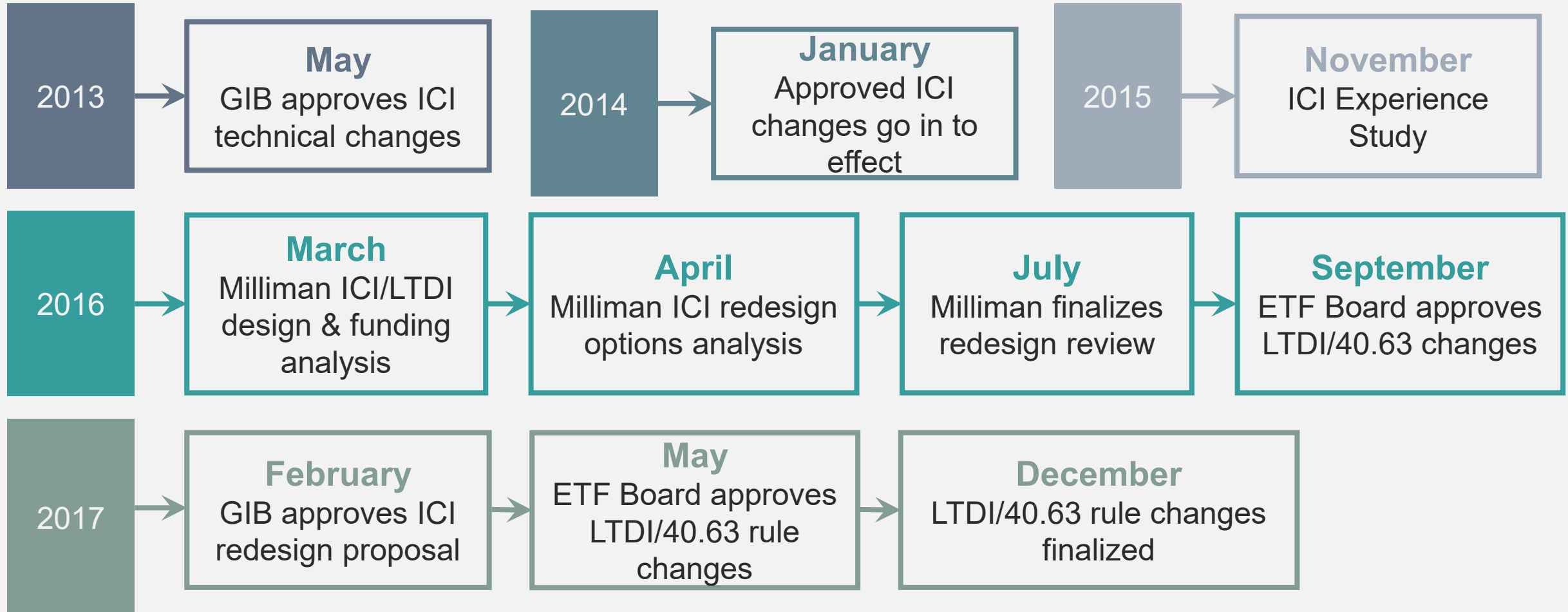
# Disability Programs Redesign

- Goals
  - Address State ICI actuarial deficit
    - Cost neutral for employees and employers
  - Reduce duplication in disability benefits
  - Reduce complexity

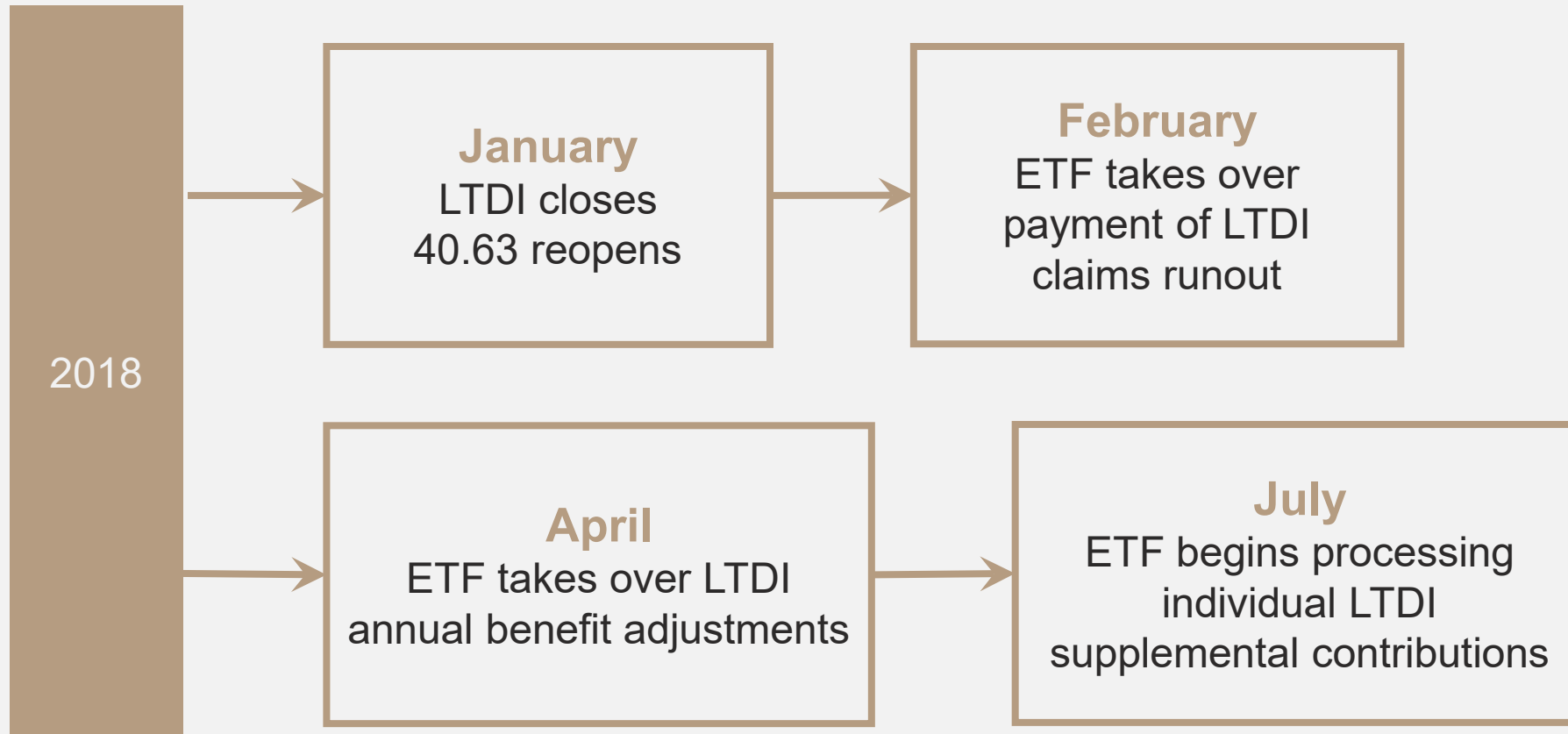
# Disability Programs Redesign

- Clean up of ICI Program plan language
  - Completed in 2013 effective Jan 1, 2014
- Actuarial analysis of Disability programs
  - ICI experience study
  - LTDI closure impact analysis
  - Completed July 2016
- Closure of LTDI/Reopening 40.63
  - Completed January 2018
  - Other processes completed throughout 2018
- Redesign of ICI program

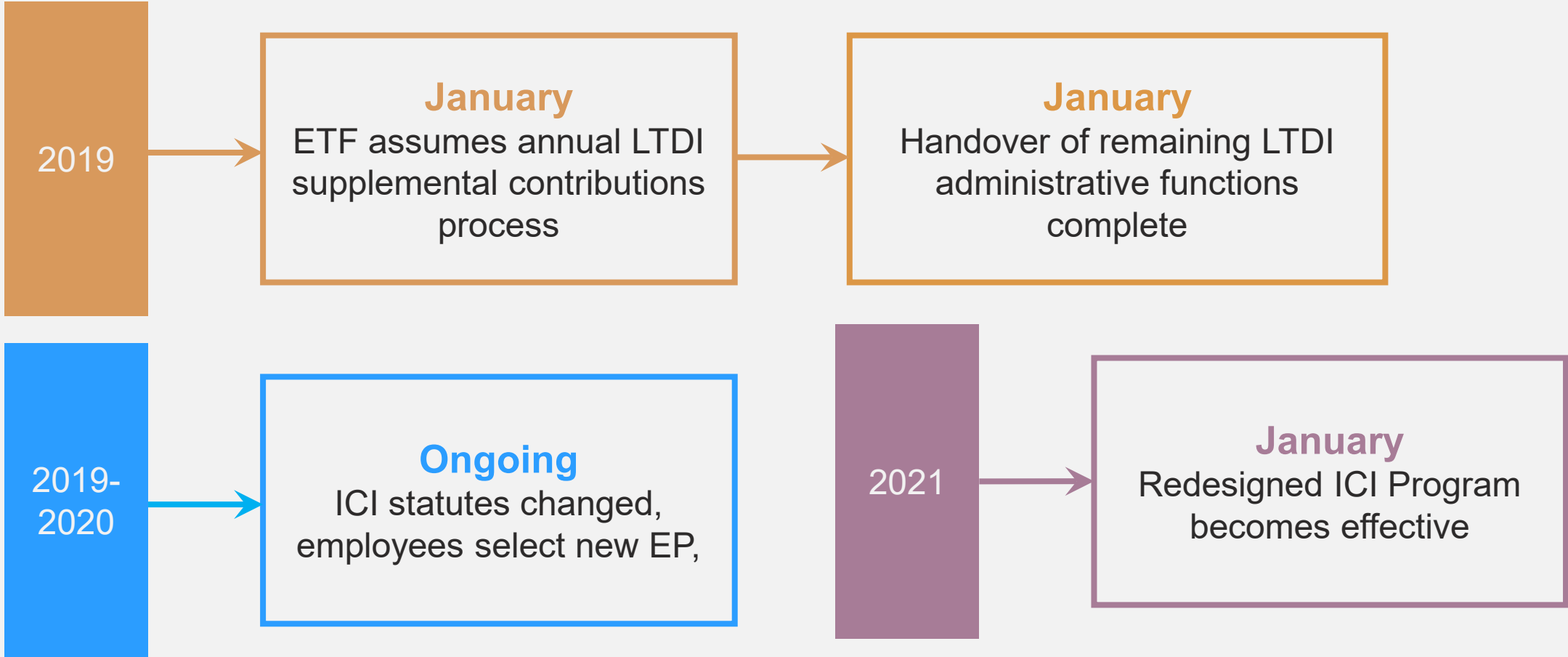
# Redesign Timeline



# Redesign Timeline



# Redesign Timeline



# ICI Redesign

## State ICI Program

Program deficit

Declining enrollment

Premium increases



## Redesign Goals

State ICI Fund deficit

Reverse enrollment decline

Simplify program/reduce duplication



# ICI Changes

- Decoupling Sick Leave
- Eliminating Long-Term coverage
- Benefit reduction to 70%
- Changes applicable to Local ICI plan
- Statutory changes
- Effective January 1, 2021

# Change Details

- Decouple sick leave from premium and benefit determinations
  - Elimination-period (EP) based premiums.
  - EP - 30, 60, 90, and 180 days
  - Eliminate the requirement to exhaust sick leave prior to receipt of benefits in the state ICI program.
  - Employers will pay the entire premium for the longest EP (180 days)
    - Employees pay premium differential for shorter EP.
- Eliminate long-term benefits
  - Maximum benefit period to 18 months following EP
- Reduced benefit – 70% of earnings.

# Change Details

- Eliminate supplemental coverage and increase the maximum monthly benefit to \$7,000 based on a monthly salary limit of \$10,000.
- Eliminate the \$75 long-term disability add-on.
- Eliminate the one-year service requirement before UW faculty and academic staff are eligible for employer premium contributions.
- Reduce the earnings offset to 70% for employees who return to work part-time with their former employer.

# Next Steps

- ICI Statute Changes
- Updates to LTDI/40.63 administrative rules
- Additional 40.63 Statute changes
- Gear up for ICI changes:
  - Communications
  - Enrollment/Re-enrollment
  - Update program materials
- Duty Disability/ICI Reserve Target Policy

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**Questions?**

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