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CORRESPONDENCE MEMORANDUM

DATE: April 19, 2019
TO: Group Insurance Board
FROM: Erin Esser, Gina Fischer, Megan Jeffers - Policy Analysts
Jim Guidry, Director
Benefit Services Bureau
Division of Retirement Services

SUBJECT: Annual Aetna Income Continuation Insurance (ICI) Program Report

This memo is for informational purposes only. No Board action is required.

Attached is Aetna's Annual ICI Program report. A brief summary is found on page 3 of the report.

Aetna has met all performance standards, with no exceptions.

At its February 8, 2017, meeting the Board approved moving oversight of the ICI program to the ETF Board. The statutory changes required to transfer this authority have been included in the Governor's 2019-2021 budget recommendation submitted to the Wisconsin State Legislature on February 28, 2019. GIB authority over the ICI program will remain in place until those statutory changes are enacted.

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

Attachment: ICI Program Annual Report

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

Electronically Signed 4/25/19

Board	Mtg Date	Item #
GIB	5.15.19	13F

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Group Insurance Board 2018 ICI Program Annual Report



Introduction

Aetna administers the Income Continuation Insurance (ICI) disability program for Employee Trust Funds (ETF). The ICI program consists of two separate plans, the State plan and the Local plan.

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 2018. Aetna will review customer service metrics and statistics for the ICI program. This report will review the claim counts, claim statuses, claim demographics, and diagnostic categories. In addition, Aetna will show 2018 performance compared to 2017 performance in each category.

For the purposes of the annual report, ICI is broken out by State and Local ICI plans 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 2019. 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.

Aetna partnered with ETF on the following in 2018:

- We kept ETF informed when ICI applications were missing. Upon ETF investigations, there were numerous occasions when electronic files were not processed. We kept the lines of communication open to know when the file would be processed so that we could expedite the claims.
- We continued to de-implement the LTDI benefit. We continued to approve new LTDI claims throughout the year, as well as close all claims that had reached their maximum duration or where the claimant was deceased. We continue to process LTDI overpayments and send annual earnings and recertification forms.

As indicated, Aetna continued to work with ETF throughout 2018 to sunset the LTDI program and provided continued support where needed.

2018 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 2018 both phone performance standards were met without exception. All quarterly and annual call metrics in 2018 are shown in the table below:

Call Metrics					
2018	Total Calls Received	Service Level	Total Answered in 60 seconds	Abandonment Rate	Calls Abandoned
Q1	1,681	97.0%	1,639	1.2%	21
Q2	1,619	98.0%	1,590	0.4%	7
Q3	1,651	99.0%	1,629	0.5%	8
Q4	1,449	98.0%	1,452	0.6%	9
Total YTD	6,400	98.0%	6,310	0.7%	45

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
2018	6,400	98.0%	0.7%
2017	7,543	94.5%	1.3%
2016	7,506	94.0%	2.1%
2015	8,123	94.5%	1.1%
2014	8,345	92.0%	2.0%
Average over last 5 years	7,583	94.6%	1.4%

Evidence of Insurability (EOI)

Evidence of Insurability is the process by which Aetna determines if an employee is healthy enough to be considered eligible for coverage. Employees who did not elect ICI coverage when first hired or at the time of a deferred enrollment opportunity must go through EOI in order to obtain coverage. Documentation of good health is required in order to be approved for ICI coverage.

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 2018 with no exceptions.

In 2018 Aetna processed 300 EOI applications for ETF members. A summary by plan is shown in the table below:

Summary by Plan	
Total State Applications Received:	177
Approved:	137
Denied:	40
Total Local Applications Received:	123
Approved:	101
Denied:	22
Annual Total	
Total Applications Received:	300
Approved:	238
Denied:	62

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 2018 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 2018 was **4.75** out of 5.
- For LTD ICI, Aetna's average score for 2018 was **4.84** 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.

2018 New Claim Experience

This section of the annual report will focus on *new claims* in 2018.

Historically, ETF has seen between a 1% to 3% fluctuation in new claims each year; however, since 2015 we have seen a 5% to 7% decrease in new claims compared to the previous year. Removing LTDI from the previous year comparison, ETF saw a 2.5% increase in ICI claims in 2018. Although the number of State ICI claims has continued to decrease over the last 5 years, the number of Local ICI claims has increased by 65% since 2014.

New Claim Counts by Plan					
	2018	2017	2016	2015	2014
State ICI	1,386	1,413	1,434	1,581	1,645
Local ICI	195	129	149	137	118
LTDI	1	368	427	409	532
Total	1,582	1,910	2,010	2,127	2,295

*One LTDI claim was withdrawn

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 plan comprises the majority of the volume and claim processing in Aetna's administration of the ICI program. State ICI claims accounted for 88% of all new ETF claims in 2018.

There were a total of 1,386 new State ICI claims in 2018. A breakdown of new claims by quarter and length of disability are shown in the table below:

2018 State Quarterly Claim Counts		
	STD ICI	LTD ICI*
Q1	284	50
Q2	266	54
Q3	335	48
Q4	304	45

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

The STD claims accounted for 86% of new State ICI claims in 2018.

Total new STD ICI claims: 1,189

Total new LTD ICI claims: 197

The volume of State ICI claims decreased by 1.9% compared to 2017, which had a total of 1,413 State ICI claims.

From a claim demographic perspective, State STD ICI claims are made up of 79% of claims belonging to females with an average age of 40 and 21% of claims belonging to males with an average age of 49. State LTD ICI claims are made up of 66% of claims belonging to females with an average age of 49 and 34% of claims belonging to males with an average age of 51.

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 2018.

State STD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL DISORDERS	311	42648	137
MENTAL HEALTH DISORDERS	138	24215	175
OBSTETRIC CARE	352	18721	53
RHEUMATOLOGIC DISORDERS	78	10453	134
NEUROLOGIC DISORDERS	48	10279	214
ONCOLOGIC DISORDERS	45	8464	188
DIGESTIVE DISORDERS	46	4074	89
OTHER	22	3645	166
INJURY/POISONING	60	2589	43
CARDIAC DISORDERS	17	2376	140
GYNECOLOGIC DISORDERS	37	1706	46
RESPIRATORY DISORDERS	9	1230	137
SKIN DISORDERS	11	979	89
EAR/NOSE/THROAT DISORDERS	6	760	127

Musculoskeletal disorders continue to drive State STD ICI lost work days and utilization in 2018. 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 2017 and 2018 for the State STD ICI plan.

Musculoskeletal disorders average duration increased by only 2 days from 2017 to 2018 and there were 22 fewer claims in 2018. The average duration for mental health disorders also saw an increase by 7 days in 2018. Obstetric care continues to have a high claim count; however, the average duration for these claims remains short even with a slight increase in 2018 by 3 days compared to 2017.

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 2018.

State LTD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MENTAL HEALTH DISORDERS	47	14956	318
MUSCULOSKELETAL DISORDERS	48	11721	244
NEUROLOGIC DISORDERS	25	7000	280
OTHER	23	5347	232
ONCOLOGIC DISORDERS	17	5201	306
RHEUMATOLOGIC DISORDERS	15	4354	290

Musculoskeletal disorders also drive the State LTD ICI plan in utilizations in 2018, although mental health disorders had more lost work days.

Mental health disorders, musculoskeletal disorders, and neurological disorders are the top diagnostic categories in 2018 for the State LTD ICI plan.

Musculoskeletal disorders average duration increased by 2 days from 2017 to 2018 and mental health disorders also increased by 67 days in 2018. Neurologic disorders also increased in claim volume by ten claims in 2018 compared to 2017; however, the average duration decreased by 6 days.

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

There were a total of 195 new Local ICI claims in 2018. A breakdown of new claims by quarter and length of disability are shown in the table below:

2018 Local Quarterly Claim Counts		
	STD ICI	LTD ICI
Q1	48	5
Q2	43	4
Q3	39	1
Q4	47	8

The STD ICI plan accounts for 91% of new Local ICI claims in 2018.

Total new STD ICI claims: 177

Total new LTD ICI claims: 18

The volume of Local ICI claims increased from 2017 to 2018 by 51%. In 2017, there were 113 STD claims and 16 LTD claims for a total of 129 new claims.

From a claim demographic perspective, Local STD ICI claims are made up of 67% of claims belonging to females with an average age of 41 and 33% of claims belonging to males with an average age of 51. Local LTD ICI claims are made up of 67% of claims belonging to females with an average age of 51 and 33% of claims belonging to males with an average age of 51.

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 2018.

Local STD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL DISORDERS	48	6888	144
OBSTETRIC CARE	52	2543	49
RHEUMATOLOGIC DISORDERS	20	2209	110
OTHER	23	2077	90
ONCOLOGIC DISORDERS	11	2071	188
NEUROLOGIC DISORDERS	8	1698	212
MENTAL HEALTH DISORDERS	6	861	144
INJURY/POISONING	7	126	18

Musculoskeletal disorders also drive the Local STD ICI plan in lost work days and utilization in 2017 and 2018. Obstetric care remains high in claim volume in 2018, but the average duration remains low at 49 days, an increase of 3 days over 2017.

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. The Other category includes all diagnostic categories reporting less than 5 claims for 2018.

Local LTD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
OTHER	10	3151	315
MUSCULOSKELETAL DISORDERS	5	558	112

Musculoskeletal disorders lead the Local LTD ICI claims for 2018.

Comparisons

Musculoskeletal disorders remain a top diagnostic category for lost work days in both the State and Local plans in 2018. 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 37% of total claim volume in STD and 34% in LTD. The tables below detail the top five diagnostic categories in STD in 2018 for Aetna's book of business:

Aetna's Overall book of business STD Diagnostic Categories	
Diagnosis	Percentages
ALL OTHER	37%
MUSCULOSKELETAL DISORDERS	28%
OBSTETRIC CARE	19%
DIGESTIVE DISORDERS	9%
MENTAL HEALTH DISORDERS	7%

The table below details Aetna's top five diagnostic categories in LTD in 2018 for Aetna's book of business:

Aetna's Overall book of business LTD Diagnostic Categories	
Diagnosis	Percentages
MUSCULOSKELETAL DISORDERS	34%
ALL OTHER	33%
ONCOLOGIC DISORDERS	14%
NEUROLOGIC DISORDERS	12%
MENTAL HEALTH DISORDERS	7%

Active Claim Summary

The tables below contain both new and existing claims paid in 2014 through 2018. 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 LTD ICI claims make up 54% of the cost of all ICI claims combined. State LTD ICI claim counts increased in 2018 while the average cost per claim decreased by \$1,548.46.

State ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per Claim
STD	2018	\$7,322,976.85	1,149	\$6,373.35
	2017	\$8,167,400.85	1,496	\$5,459.49
	2016	\$8,998,313.49	1,603	\$5,613.42
	2015	\$8,508,791.47	1,709	\$4,978.81
	2014	\$8,765,501.97	1,791	\$4,894.19
LTD	2018	\$9,971,963.94	1,219	\$8,180.44
	2017	\$10,507,216.43	1,080	\$9,728.90
	2016	\$10,108,727.21	1,245	\$8,119.46
	2015	\$9,769,243.73	1,202	\$8,127.49
	2014	\$9,161,100.53	1,225	\$7,478.45

Local STD ICI claim counts increased from 2017 to 2018 with an average cost per claim increasing by \$252.41. The LTD ICI claim counts increased by one claim and the average cost per claim decreased by \$1,714.74.

Local ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per Claim
STD	2018	\$648,357.46	165	\$3,929.44
	2017	\$544,201.03	148	\$3,677.03
	2016	\$575,479.99	154	\$3,736.88
	2015	\$601,838.49	138	\$4,361.15
	2014	\$466,569.68	122	\$3,824.34
LTD	2018	\$586,428.28	75	\$7,819.76
	2017	\$705,553.65	74	\$9,534.50
	2016	\$468,861.54	75	\$6,251.49
	2015	\$422,000.03	61	\$6,918.03
	2014	\$277,929.06	67	\$4,148.19

In 2018 the total cost of all State and Local ICI plans combined decreased by \$1,394,645.40.

All ICI claims (State and Local)		
Year	Total Cost of Claims	Number of Claims
2018	\$18,529,726.53	2,608
2017	\$19,924,371.96	2,798
2016	\$20,151,382.23	3,077
2015	\$19,301,873.72	3,110
2014	\$18,671,101.24	3,205

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 also met for the year.

The total new claim volume for State and Local ICI in 2018 increased by 2.5% compared to 2017; or by 39 claims.

Since 2014 we have seen a gradual decrease in the number of new State ICI claims. In 2018, the State ICI plan saw a 1.9% decrease, or a decrease of 27 new claims, when compared to 2017. The Local ICI plan saw a 51% increase, or an increase of 66 new claims from 2017 to 2018.

In 2018, Aetna focused on enhanced operational efficiencies and customer service by continuing to partner with ETF and the Group Insurance Board. A key area of attention in 2017 was supporting ETF with moving the existing LTDI claims in-house as the program was sunset beginning 1/1/2018. In 2018, Aetna continued to assist by providing data needed to ensure ETF has all of the information necessary to administer the LTDI claims.

Aetna looks forward to continuing our relationship with ETF as we work on our contract extension through 2021. We will work closely with ETF to transition from Aetna to The Hartford in 2019. This will include claim administration and overall branding (i.e. logos, letterhead, contracts, etc.) moving from Aetna to The Hartford effective June 1, 2019.