

Letter 5 with Response

From: [Kluess, Michele M - DOC](#)
To: [ETF SMB GIB Feedback](#); [ETF SMB Board Feedback](#)
Subject: RE: ICI rates
Date: Friday, January 24, 2020 6:44:50 AM

To whom this concerns

I am an employee at the State of Wisconsin Department of Corrections. I have some significant concerns with the premium increases for Income Continuation Insurance. Per our email that was dated Jan 2020, ETF has increased the premium by 20 percent. That increase is alarming. When looking at other markets for insurance, most premiums have increased by 5 percent annually health, dental etc. This additional increase is unfair and I believe that many people like myself will consider terminating the policy. It also is important to note that the increase comes months after the DOC and State of WI employees had to make elections for the year-this is unfair and inconsiderate because we were not informed last year during election time that an increase of 20% was going to happen. This is substandard business practice and should match the national average annual increases. I expect a prompt response so I can inform others that want to make a rapid change in coverage with ETF.

Sincerely,

Michele Kluess Dept. Of Corrections Registered Dental Hygienist

From: [ETF SMB Board Feedback](#)
To: [Kluess, Michele M - DOC](#)
Subject: RE: RE: ICI rates
Date: Friday, January 31, 2020 10:00:00 AM

Dear Ms. Kluess,

Thank you for taking the time to communicate your concerns about the State Income Continuation Insurance (ICI) program's premium increase for 2020. We understand the frustration you are experiencing with the most recent premium increase and would like to provide you with some background.

The State ICI program is funded solely by employee and employer premiums. Unlike the Wisconsin Retirement System and other benefit programs administered by the Department of Employee Trust Funds (ETF), the State ICI program had a significant funding deficit partly due to declining enrollment back in the early 2010s. The program must be funded to provide the benefits to eligible participants.

In 2015, ETF staff and ETF's independent consulting actuary finalized a funding plan to reduce the funding deficit. The plan included 20% premium increases over a course of five years beginning in 2016 through 2020. The plan was approved by the Group Insurance Board (GIB) at its May 19, 2015 meeting.

ICI premium changes are determined by the GIB at their annual May meeting. ETF communicates information to employers about the premium changes annually, with the latest announcement to employers occurring on [December 2, 2019](#). Here is the link:

<https://etf.wi.gov/news/2020-state-income-continuation-insurance-premium-rates-increase>.

We are not aware if your employer shared this information with you.

We understand these are significant premium increases, but ETF and the Board have a fiduciary duty to fund the program. If the deficit was not addressed, it would continue to grow and funds would not be available to pay future benefits. Due to the recent necessary premium increases, the State ICI program will be in a much better financial position than in the past. At this current rate, significant premium increases like what we had in 2020 should not be needed next year and years after.

In addition, ETF is attempting to address the enrollment issues with the State ICI program by addressing aspects of the program that may discourage employees from enrolling, such as the tie between unused sick leave hours and the ICI premium rate.

This will require changes to state law. Despite multiple efforts ETF has been unsuccessful in getting these changes made up to this point, but we will continue to seek legislative improvements to the program.

If you choose to cancel your ICI coverage, you could apply in the future if/when you are eligible under the “deferred enrollment” provision. This provision allows an employee to enroll, or in your case *re-enroll*, in the ICI program the first time you become eligible for the employer contribution toward the premium (category 3), the first time you become eligible for an *increase* in the employer contribution toward the premium (categories 4 or 5), and any deferred coverage enrollment period in which you are eligible for premium category 6. These enrollment opportunities occur by accumulating additional amounts of sick leave. If you do not enroll the first time you become eligible under a particular premium category, you would have to wait until you accumulated enough sick leave to be eligible under the next premium category. Your employer will notify you in January of each year if you are eligible to enroll for coverage through deferred enrollment.

Employees can also apply for coverage *at any time* through “evidence of insurability” (EOI) if you are medically insurable, in other words, you are in good health. *An ICI Application and Evidence of Insurability* (ET-2308) form is available at etf.wi.gov or by contacting ETF. This form asks you to answer questions concerning your past and present health. Approval or denial of your EOI application will be based on this medical information.

If you have any questions, please feel free to contact Gina Fischer by phone at 608-261-8168 or email her at gina.fischer@etf.wi.gov or you can view our State Income Continuation Insurance (ET-2106) brochure on our website at <https://etf.wi.gov/publications/et2106/direct>.

Thank you for writing.

Sincerely,
Jim Guidry, Director
Benefit Services Bureau
Division of Retirement Services

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