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CORRESPONDENCE MEMORANDUM

DATE: April 17, 2020
TO: Group Insurance Board
FROM: Erin Esser, Gina Fischer, Megan Jeffers, Matt Nelson - Policy Analysts
Jim Guidry, Director
Benefit Services Bureau
Division of Retirement Services

SUBJECT: 2019 Annual Income Continuation Insurance (ICI) Program Report

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

Attached is The Hartford's Annual ICI Program report for 2019.

The Hartford met all quarterly and annual performance standards in 2019 with one exception. The Hartford's performance standard for phone call service was not achieved in the third quarter of 2019 (page 4). Despite not meeting the standard for one quarter, The Hartford's annual average met the standard and therefore is not a concern for the agency at this time. ETF is currently satisfied that The Hartford is able to meet this performance standard going forward. Nonetheless, ETF will closely monitor this the performance standard to identify if any negative trends develop and work with The Hartford to take corrective action.

An executive summary can be found on page 3 of the report.

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 5/5/20

Board	Mtg Date	Item #
GIB	5.13.20	9J

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Group Insurance Board 2019 ICI Program Annual Report



Introduction

Aetna sold its Group Insurance business to The Hartford in November, 2017, and in 2019, we successfully converted the Employee Trust Funds (ETF) Income Continuation Insurance (ICI) program from Aetna to The Hartford for administration. The ICI program consists of two separate plans, the State plan and the Local plan.

The purpose of The Hartford's annual disability report to the Group Insurance Board is to share disability program results, observations, and trends for the year 2019. The Hartford 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, The Hartford will show 2019 performance compared to 2018 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 Hartford's partnership continues in 2020. ETF's long-standing relationship with the former Aetna (now Hartford) team and the tenured Hartford operations team results in another year of outstanding customer service.

The Hartford continues to invest in improved systems which allow for better use of resources and improved customer service.

The Hartford partnered with ETF on the following in 2019:

- We successfully converted ETF from Aetna to The Hartford effective June 1, 2019.
- We entered into a 2 year contract extension, through 12/31/21.
- We continued to support LTDI claims and overpayments as needed.
- We worked with ETF to update language in several of our customized communications.

2019 Performance Measures

ETF measures Hartford's performance by four categories:

1. Phone statistics
2. Evidence of insurability (EOI) processing
3. Claim decision turnaround time
4. Phone surveys

Phone Statistics

Hartford's phone performance standards are the following:

1. 90% of calls will be answered within 60 seconds
2. 5% or less abandoned calls

In 2019 we missed the service level performance standard in the 3rd quarter when 87% of calls were answered within 60 seconds. All other performance standards were met for the year. All quarterly and annual call metrics in 2019 are shown in the table below:

Call Metrics					
2019	Total Calls Received	Service Level	Total Answered in 60 seconds	Abandonment Rate	Calls Abandoned
Q1	1,291	97.0%	1,257	1.0%	12
Q2	1,662	95.0%	1,581	0.8%	13
Q3	1,325	87.0%	1,159	1.9%	23
Q4	991	91.0%	900	1.5%	15
Total YTD	5,269	92.5%	4,897	1.3%	63

The Hartford 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
2019	5,269	92.5%	1.3%
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%
Average over last 5 years	6,968	94.7%	1.3%

Evidence of Insurability (EOI)

Evidence of Insurability is the process by which The Hartford 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.

The Hartford's performance standard for EOI processing is to send a determination notice to the EOI applicant within 15 days of Hartford receiving all information required to render a decision. The Hartford met this performance standard in 2019 with no exceptions.

In 2019 The Hartford processed 250 EOI applications for ETF members. A summary by plan is shown in the table below:

Summary by Plan	
Total State Applications Received:	162
Approved:	119
Denied:	43
Total Local Applications Received:	88
Approved:	72
Denied:	16
Annual Total	
Total Applications Received:	250
Approved:	191
Denied:	59

Claim Decision Turnaround Time

The Hartford'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. The Hartford met this performance standard in 2019 with no exceptions.

Customer Phone Surveys

The Hartford offers all ETF claimants a disability claim satisfaction survey at the end of their claim experience with Hartford. The survey asks the claimant to rate Hartford's service level from 1 (lowest) to 5 (highest).

- For STD ICI, ~~Aetna's~~The Hartford's average score for 201~~89~~ was 4 out of 5.
- For LTD ICI, ~~Aetna's~~The Hartford's average score for 201~~89~~ was 5 out of 5.

The Hartford 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. Below are verbatim survey comments from ETF employees:

“You guys are awesome! You work with me and get back to me really fast! You guys are on top of things and tell me and reassure me that everything is going to be alright and you guys will get me through it!”

“I had a complete ankle replacement and knew I was going to use all of my sick time for recovery. Didn't realize how long it would take me to literally get back on my feet. This process was easy and very efficient.”

“Very professional worker that explained everything as well as all of the documentation that was required. Very smooth transition.”

“Fast and clear information!”

“My claims agent has been very helpful, helping me understand the process. She is wonderful!”

“I was very happy with how my claim was handled and when I called they were able to answer my questions.”

“Easy, fast, and efficient.”

2019 New Claim Experience

This section of the annual report will focus on *new claims* in 2019.

Since 2015 we have seen a 3% to 8% decrease in new claims compared to the previous year. ETF saw an 8% decrease in ICI claims in 2019. 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 48% since 2015.

New Claim Counts by Plan					
	2019	2018	2017	2016	2015
State ICI	1,253	1,386	1,413	1,434	1,581
Local ICI	203	195	129	149	137
Total	1,456	1,581	1,542	1,583	1,718

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 Hartford's administration of the ICI program. State ICI claims accounted for 86% of all new ETF claims in 2019.

There were a total of 1,253 new State ICI claims in 2019. A breakdown of new claims by quarter are shown in the table below:

2019 State Quarterly Claim Counts		
	STD ICI	LTD ICI*
Q1	267	40
Q2	290	52
Q3	275	43
Q4	256	30

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

The STD claims accounted for 87% of new State ICI claims in 2019.

Total new STD ICI claims: 1,088

Total new LTD ICI claims: 165

The volume of State ICI claims decreased by 10% compared to 2018, which had a total of 1,386 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 48. State LTD ICI claims are made up of 69% of claims belonging to females with an average age of 48 and 31% 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. 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. Ill-defined conditions includes abnormal findings on examination of blood, without a diagnosis, abnormal findings on diagnostic imaging, without a diagnosis, general symptoms and signs, with no diagnosis, etc. The Other category includes all diagnostic categories reporting less than 5 claims for 2019.

State STD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL	230	34424	150
PREGNANCY	327	15902	49
BEHAVIORAL HEALTH	119	15741	132
INJURY/POISONING	130	14654	113
NEOPLASMS	65	10386	160
NERVOUS	29	5302	183
CIRCULATORY	25	4674	187
RESPIRATORY	13	2724	210
ILL-DEFINED CONDITIONS	22	2595	119
GENITOURINARY	32	2259	71
OTHER	20	1875	94
DIGESTIVE	26	1793	69
ENDOCRINE/METABOLIC	8	1536	192
SKIN/SUBCUTANEOUS	7	1024	146
EYE/ADNEXA	5	863	173
INFECTIOUS/PARASITIC	7	712	102

Musculoskeletal disorders continue to drive State STD ICI lost work days and utilization in 2019. Musculoskeletal claims include back pain, osteoarthritis, and other degenerative conditions.

Musculoskeletal disorders, pregnancy, and behavioral health disorders remain the top categories for diagnoses in 2018 and 2019 for the State STD ICI plan.

Musculoskeletal disorders average duration increased by 13 days from 2018 to 2019 and there were 81 fewer claims in 2019. Pregnancy claims continues to have a high claim count; however, the average duration for these claims remains short with a slight decrease in 2019 by 4 days compared to 2018. The average duration for behavioral health claims saw a decrease by 43 days in 2019.

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. The Other category includes all diagnostic categories reporting less than 5 claims for 2019.

State LTD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL	51	14852	291
BEHAVIORAL HEALTH	31	11289	364
NERVOUS	21	6287	299
OTHER	13	4546	350
NEOPLASMS	17	2687	158
CIRCULATORY	5	2042	408
INJURY/POISONING	5	763	153

Musculoskeletal disorders continue to drive the State LTD ICI plan in utilizations in 2019.

Musculoskeletal disorders, behavioral health and nervous system disorders are the top diagnostic categories in 2019 for the State LTD ICI plan.

Musculoskeletal disorders average duration increased by 47 days from 2018 to 2019 and behavioral health claims also increased by 46 days in 2019. Nervous system disorders saw a decrease in claim volume by four claims in 2019 compared to 2018; however, the average duration increased by 19 days.

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

There were a total of 203 new Local ICI claims in 2019. A breakdown of new claims by quarter and length of disability are shown in the table below:

2019 Local Quarterly Claim Counts		
	STD ICI	LTD ICI
Q1	44	4
Q2	52	5
Q3	34	9
Q4	50	5

The STD ICI plan accounts for 89% of new Local ICI claims in 2019.

Total new STD ICI claims: 180

Total new LTD ICI claims: 23

The volume of Local ICI claims increased from 2018 to 2019 by 4%. In 2018, there were 177 STD claims and 18 LTD claims for a total of 195 new claims.

From a claim demographic perspective, Local STD ICI claims are made up of 60% of claims belonging to females with an average age of 40 and 40% of claims belonging to males with an average age of 49. Local LTD ICI claims are made up of 35% of claims belonging to females with an average age of 56 and 65% of claims belonging to males with an average age of 50.

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. The Other category includes all diagnostic categories reporting less than 5 claims for 2019.

Local STD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL	47	5514	117
OTHER	22	2707	123
PREGNANCY	53	2628	50
NEOPLASMS	19	2599	137
BEHAVIORAL HEALTH	10	2044	204
INJURY/POISONING	18	1595	89
GENITOURINARY	9	582	65

Musculoskeletal disorders also drive the Local STD ICI plan in lost work days and utilization in 2018 and 2019. Pregnancy claims remains high in claim volume in 2019, but the average duration remains low at 50 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. The Other category includes all diagnostic categories reporting less than 2 claims for 2019.

Local LTD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
CIRCULATORY	4	907	227
OTHER	4	866	217
MUSCULOSKELETAL	5	717	143
BEHAVIORAL HEALTH	3	530	177
NEOPLASMS	3	453	151
ENDOCRINE/METABOLIC	2	179	90

The circulatory diagnostic category leads the Local LTD ICI in lost days in 2019, but the musculoskeletal category leads with the most claims.

Active Claim Summary

The tables below contain both new and existing claims paid in 2015 through 2019. 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 55% of the cost of all ICI claims combined. State STD ICI claim counts increased in 2019 by 19% while the average cost per claim decreased by \$1,061.95.

	Year	Total Cost of Claims	Number of Claims	Average Cost per Claim
STD	2019	\$7,265,997.96	1,368	\$5,311.40
	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
LTD	2019	\$10,582,649.96	1,234	\$8,575.89
	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

Local STD ICI claim counts increased by 25% from 2018 to 2019 with an average cost per claim increasing by \$428.42. The LTD ICI claim counts increased by twelve claims and the average cost per claim decreased by \$1,349.19.

Local ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per Claim
STD	2019	\$902,077.11	207	\$4,357.86
	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
LTD	2019	\$562,939.70	87	\$6,470.57
	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

In 2019 the total cost of all State and Local ICI plans combined increased by 4%, or \$783,938.20.

All ICI claims (State and Local)		
Year	Total Cost of Claims	Number of Claims
2019	\$19,313,664.73	2,896
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

Conclusion

Customer service metrics were exceeded in the areas of claim decision turnaround times and customer service surveys. Phone performance was missed in the 3rd quarter, but met in all other quarters. The performance standard for EOI processing was also met for the year.

The total new claim volume for State and Local ICI in 2019 decreased by 8% compared to 2018; or by 125 claims.

Since 2015 we have seen a gradual decrease in the number of new State ICI claims. In 2019, the State ICI plan saw a 10% decrease, or a decrease of 133 new claims, when compared to 2018. The Local ICI plan saw a 4% increase, or an increase of 8 new claims from 2018 to 2019.

In 2019, a key area of focus was on converting ETF from Aetna to The Hartford. We were successful in our conversion activity which was completed on June 1, 2019. Additionally, we worked with ETF to extend our contract for two more years through December 31, 2021.

The Hartford looks forward to continuing our relationship with ETF in 2020 and beyond.