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Correspondence Memorandum

Date: April 16, 2021

To: Group Insurance Board

From: Jim Guidry, Director
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Benefit Services Bureau, Division of Retirement Services

Subject: 2020 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 2020.

The Hartford met all quarterly and annual performance standards in 2020 with one exception. The Hartford's performance standard for claim decision turnaround time was not achieved in the third quarter of 2020 (page 5) when 2 claims out of 338 for the quarter did not receive a determination in the required time frame (15 days). The exception has been reviewed and a penalty assessed. ETF is currently satisfied that The Hartford is able to meet this performance standard going forward. Nonetheless, ETF will closely monitor this performance standard to identify if any negative trends develop and will work with The Hartford to take corrective action if necessary.

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 4/29/21

Board	Mtg Date	Item #
GIB	5.12.21	14I

Quality health plans & benefits
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Group Insurance Board 2020 ICI Program Annual Report



Introduction

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 2020. 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 2020 performance compared to 2019 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 2021. ETF's long-standing relationship with the 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 2020:

- We successfully navigated institutional changes related to Covid-19.
- We continued to support LTDI overpayments as needed.
- We worked with ETF to update multiple custom communications with new language.
- We began an overhaul of training materials, which continues in 2021.
- We worked with ETF to update the annual earnings process for 2021.
- We participated in a Request for Proposal (RFP) with ETF and were awarded the business with a new contract with The Hartford for the period commencing January 1, 2022 through December 31, 2026, with a potential for one additional two-year extension.

2020 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 2020 The Hartford met the phone statistics metrics without exception. All quarterly and annual call metrics in 2020 are shown in the table below:

Call Metrics					
2020	Total Calls Received	Service Level	Total Answered in 60 seconds	Abandonment Rate	Calls Abandoned
Q1	849	97.0%	826	0.2%	2
Q2	682	95.0%	645	0.0%	0
Q3	741	94.0%	699	0.0%	0
Q4	737	93.0%	689	0.1%	1
Total YTD	3,009	94.8%	2,859	0.08%	3

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
2020	3,009	95.0%	0.08%
2019	5,269	98.0%	0.7%
2018	6,400	98.0%	0.7%
2017	7,543	94.5%	1.3%
2016	7,506	94.0%	2.1%
Average over last 5 years	5,945	96.0%	1.0%

The decrease in call volume is likely the result of our claim analysts giving out their direct phone number to WRS employees. When an employee calls the claim analyst directly, they bypass the call center, and therefore the call is not recorded as an incoming call.

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 2020 with no exceptions.

In 2020 The Hartford processed 179 EOI applications for ETF members. A summary by plan is shown in the table below:

Summary by Plan	
Total State Applications Received:	118
Approved:	85
Denied:	33
Total Local Applications Received:	61
Approved:	51
Denied:	10
Annual Total	
Total Applications Received:	179
Approved:	136
Denied:	43

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 missed this turnaround time two times in the 3rd quarter of 2020.

Customer Phone Surveys

The Hartford offers all WRS claimants a disability loyalty satisfaction survey at the end of their claim experience with Hartford. The survey asks a series of questions about their claim experience and the claimant rates Hartford's service level from 1 (lowest) to 10 (highest.)

- For STD ICI, Hartford's average score for 2020 was **9** out of 10.
- For LTD ICI, Hartford's average score for 2020 was **10** out of 10.

The Hartford prides itself in being an extension of the ETF team. The disability loyalty survey results are a reflection of high-quality service provided to ETF claimants. Below are verbatim survey comments from ETF employees:

'Tricia was extremely helpful and professional!'

"Claim Experience very easy to enroll"

"Very prompt and professional"

"Good service!"

2020 New Claim Experience

This section of the annual report will focus on *new claims* in 2020.

Since 2016 we have seen a fluctuation in claim volume where it has decreased as much as 8% (2018 to 2019) and increased as much as 3% (2017 to 2018.) In 2020 we saw a 1.1% increase in new claims compared to 2019.

New Claim Counts by Plan					
	2020	2019	2018	2017	2016
State ICI	1,262	1,253	1,386	1,413	1,434
Local ICI	210	203	195	129	149
Total	1,472	1,456	1,581	1,542	1,583

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 2020.

There were a total of 1,262 new State ICI claims in 2020. A breakdown of new claims by quarter are shown in the table below:

2020 State Quarterly Claim Counts		
	STD ICI	LTD ICI*
Q1	271	37
Q2	266	38
Q3	325	24
Q4	274	27

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

The STD claims accounted for 90% of new State ICI claims in 2020.

Total new STD ICI claims: 1,136

Total new LTD ICI claims: 126

The volume of State STD ICI claims increased by 4.4% compared to 2019, which had a total of 1,088 State ICI claims.

From a claim demographic perspective, 80% of State STD ICI claims are from females with an average age of 41 and 20% of claims from males with an average age of 50. In comparison, 70% of State LTD ICI claims are from females with an average age of 50 and 30% of claims from males with an average age of 50.

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 include 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 2020.

State STD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL	188	24993	133
INJURY/POISONING	153	15923	104
BEHAVIORAL HEALTH	115	14542	126
PREGNANCY	284	14299	50
NEUROLOGICAL	37	7993	216
NEOPLASMS	46	7128	155
CIRCULATORY	40	5064	127
ILL-DEFINED CONDITIONS	35	2937	84
RESPIRATORY	16	2267	142
OTHER	17	2231	131
DIGESTIVE	36	2086	58
ENDOCRINE/METABOLIC	15	1833	122
INFECTIOUS DISEASE	19	1349	71
GENITOURINARY	28	1314	47
SKIN/SUBCUTANEOUS	7	1018	145
MUSCULOSKELETAL DISORDERS	12	868	72
EYE/ADNEXA	5	541	108

Musculoskeletal disorders continue to drive State STD ICI lost workdays and utilization in 2020. Musculoskeletal claims include back pain, osteoarthritis, and other degenerative conditions.

Musculoskeletal disorders, injury/poisoning, and behavioral health disorders are the top categories for diagnoses in 2020 for the State STD ICI plan.

Musculoskeletal disorders average duration decreased by 17 days from 2019 to 2020 and there were 42 fewer claims in 2020. Injury/poisoning claims increased by 23 claims in 2020 compared to 2019; however, the average duration decreased by 9 days. Behavioral Health claims decreased by 4 claims and the average duration also decreased by 6 days compared to 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 2020.

State LTD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL	39	6928	178
BEHAVIORAL HEALTH	21	6202	295
INJURY/POISONING	16	4005	250
OTHER	12	3553	296
NEOPLASMS	12	3522	294
NEUROLOGICAL	11	3311	301
CIRCULATORY	9	1719	191

Musculoskeletal disorders continue to drive the State LTD ICI plan in utilizations in 2020.

Musculoskeletal disorders, behavioral health and injury/poisoning are the top diagnostic categories in 2020 for the State LTD ICI plan.

Musculoskeletal disorders average duration decreased by 113 days from 2019 to 2020 and behavioral health claims also decreased by 69 days in 2020. Injury and poisoning saw an increase in claim volume by eleven claims in 2020 compared to 2019 and the average duration increased by 97 days.

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

There were a total of 210 new Local ICI claims in 2020. A breakdown of new claims by quarter and length of disability are shown in the table below:

2020 Local Quarterly Claim Counts		
	STD ICI	LTD ICI
Q1	46	0
Q2	42	2
Q3	64	10
Q4	43	3

The STD ICI plan accounts for 93% of new Local ICI claims in 2020.

Total new STD ICI claims: 195

Total new LTD ICI claims: 15

The volume of Local ICI claims increased from 2019 to 2020 by 3.5%. In 2019, there were 180 STD claims and 23 LTD claims for a total of 203 new claims.

From a claim demographic perspective, 69% of Local STD ICI claims are from females with an average age of 38 and 31% of claims from males with an average age of 48. In comparison, 67% of Local LTD ICI claims are from females with an average age of 54 and 33% of claims from males with an average age of 52.

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 2020.

Local STD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL	39	4253	109
INJURY/POISONING	28	3489	125
PREGNANCY	66	3072	47
OTHER	13	1870	144
NEOPLASMS	13	1689	130
BEHAVIORAL HEALTH	7	1284	183
CIRCULATORY	7	1175	168
NEUROLOGICAL	7	1151	164
GENITOURINARY	7	270	39

Musculoskeletal disorders also drive the Local STD ICI plan in lost workdays and utilization in 2019 and 2020. Pregnancy claims remains high in claim volume in 2020, but the average duration remains low at 47 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.

Local LTD ICI Claims - Diagnostic Categories and Durations			
Diagnosis	Claims	Total days	Average Duration
MUSCULOSKELETAL	5	1573	315
NEOPLASMS	3	1128	376
BEHAVIORAL HEALTH	2	467	234
CIRCULATORY	2	339	170
INJURY/POISONING	3	188	63

The Musculoskeletal diagnostic category leads the Local LTD ICI in lost days and claim volume in 2020.

Claim Payment Summary

The tables below contain both new and existing claims paid in 2016 through 2020. These are not just new claims, but the total number of active claims at the end of each calendar year.

State LTD ICI claims make up 65% of the cost of all ICI claims combined. State STD ICI claim counts decreased in 2020 by 13% and the average cost per claim decreased slightly by \$213.81.

State ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per claim
STD	2020	\$6,086,518.97	1,194	\$5,097.59
	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
LTD	2020	\$11,148,870.90	1,160	\$9,612.00
	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

Local STD ICI claim counts decreased slightly by 2.4% from 2019 to 2020 with an average cost per claim increasing by \$49.04. The LTD ICI claim counts increased by 1 claim and the average cost per claim increased by \$700.71.

Local ICI				
	Year	Total Cost of Claims	Number of Claims	Average Cost per claim
STD	2020	\$890,193.80	202	\$4,406.90
	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
LTD	2020	\$631,072.22	88	\$7,171.28
	2019	\$562,939.70	87	\$6,470.57
	2018	\$586,428.28	75	\$7,819.76
	2017	\$705,553.65	74	\$6,251.49
	2016	\$468,861.54	75	\$6,251.49

In 2020 the total cost of all State and Local ICI plans combined decreased by 3%, or \$557,008.90.

All Disability Programs (State ICI, Local ICI)			
	Year	Total Cost of Claims	Number of Claims
All Disability Programs	2020	\$18,756,655.89	2,644
	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

Conclusion

Customer service metrics were exceeded in the areas of claim decision turnaround times, phone performance, 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 2020 increased by 1.1% compared to 2019; or by 16 claims.

Since 2016 we have seen a gradual decrease in the number of new State ICI claims; however, in 2020, the State ICI plan saw a slight increase of .72%, or an increase of 9 claims, when compared to 2019. The Local ICI plan also saw a small increase of 3.4%, or an increase of 7 new claims from 2019 to 2020.

In 2020, we participated in a Request for Proposal (RFP) with ETF and we were very pleased to be awarded the business for the period commencing January 1, 2022 through December 31, 2026, with a potential for one additional two-year extension.

The Hartford looks forward to continuing our relationship with ETF in 2021 and beyond.