

Income Continuation Insurance Program Changes



Item 5 – Group Insurance Board

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Action Items

- The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve the recommended changes to the Income Continuation Insurance (ICI) Program state and local plan language contained in Attachment A.

Review of ICI Program Changes

ETF is recommending the Board approve ICI plan language amendments that update the maximum earnings eligible for coverage under the ICI Standard Plan from \$64,000 to \$120,000.

- Consolidates standard and supplemental coverage as approved by the Board in February 2017
- Requires plan language changes
- Increases the share of earnings available for employer share and increases coverage for employees earning more than \$64,000 but are not enrolled in supplemental coverage

Additional Information Requested

At the August GIB meeting, the Board requested additional information:

- Current supplemental coverage enrollment and premium impact details
- Changes in employer costs by agency
- Sample premium rate tables

Standard vs. Supplemental

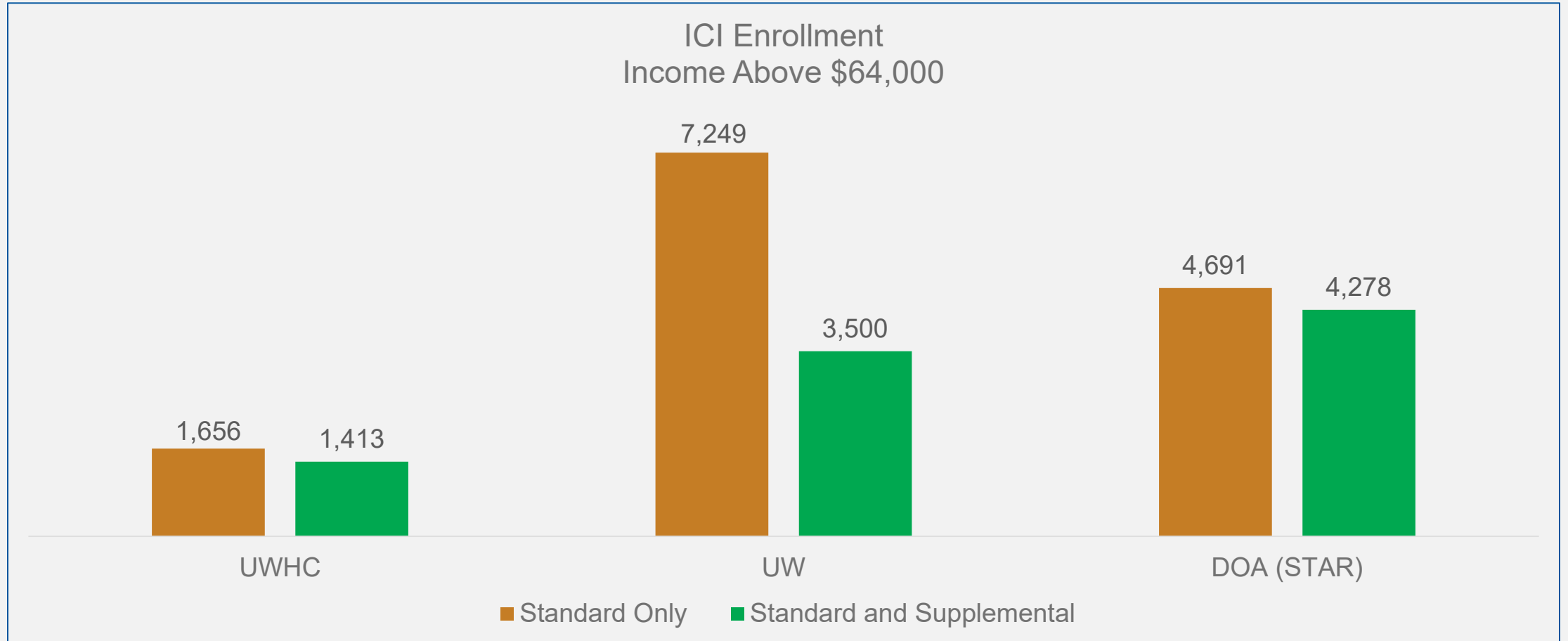
Standard Plan

- Covers up to \$64,000 of annual earnings
- \$4,000 maximum monthly benefit
- Premiums shared by employees and employers
- Employer share § 40.05 (5)

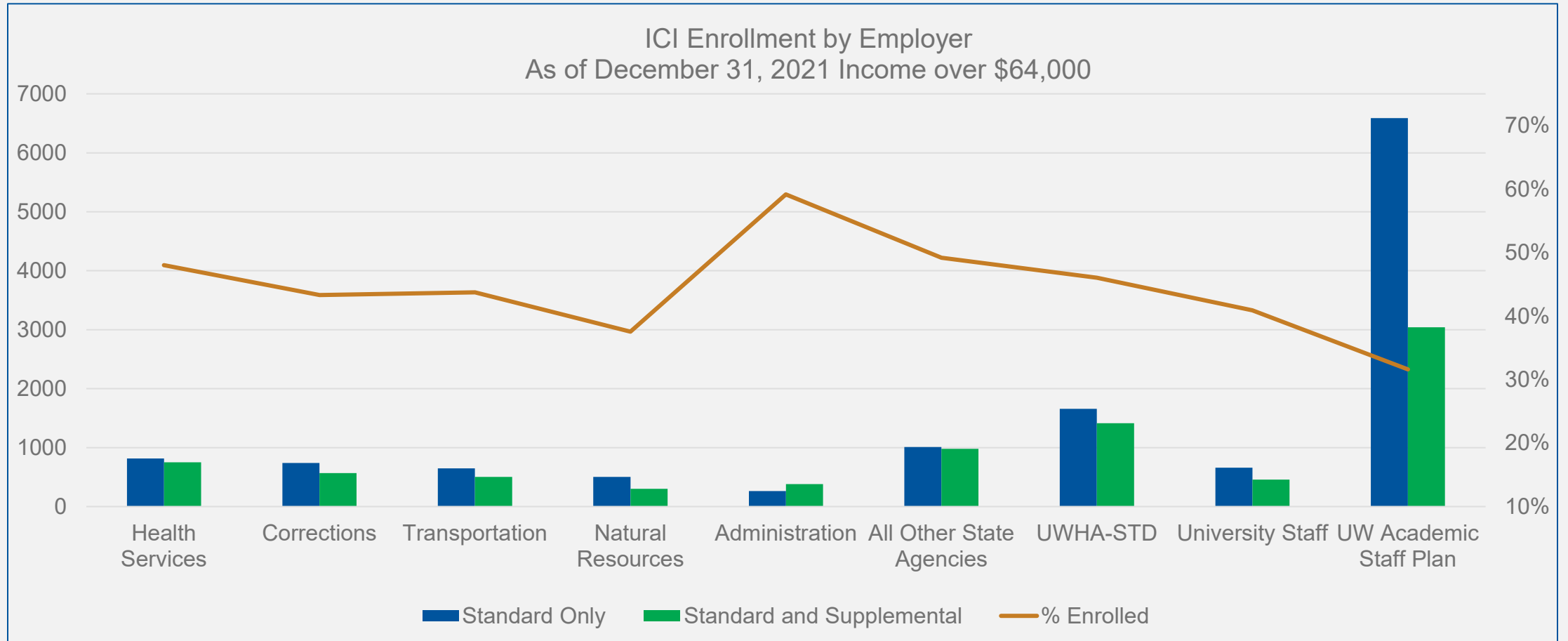
Supplemental Coverage

- Coverage for annual earnings from \$64,000 to \$120,000
- \$7,500 maximum monthly benefit
- Employee pays 100% of premiums

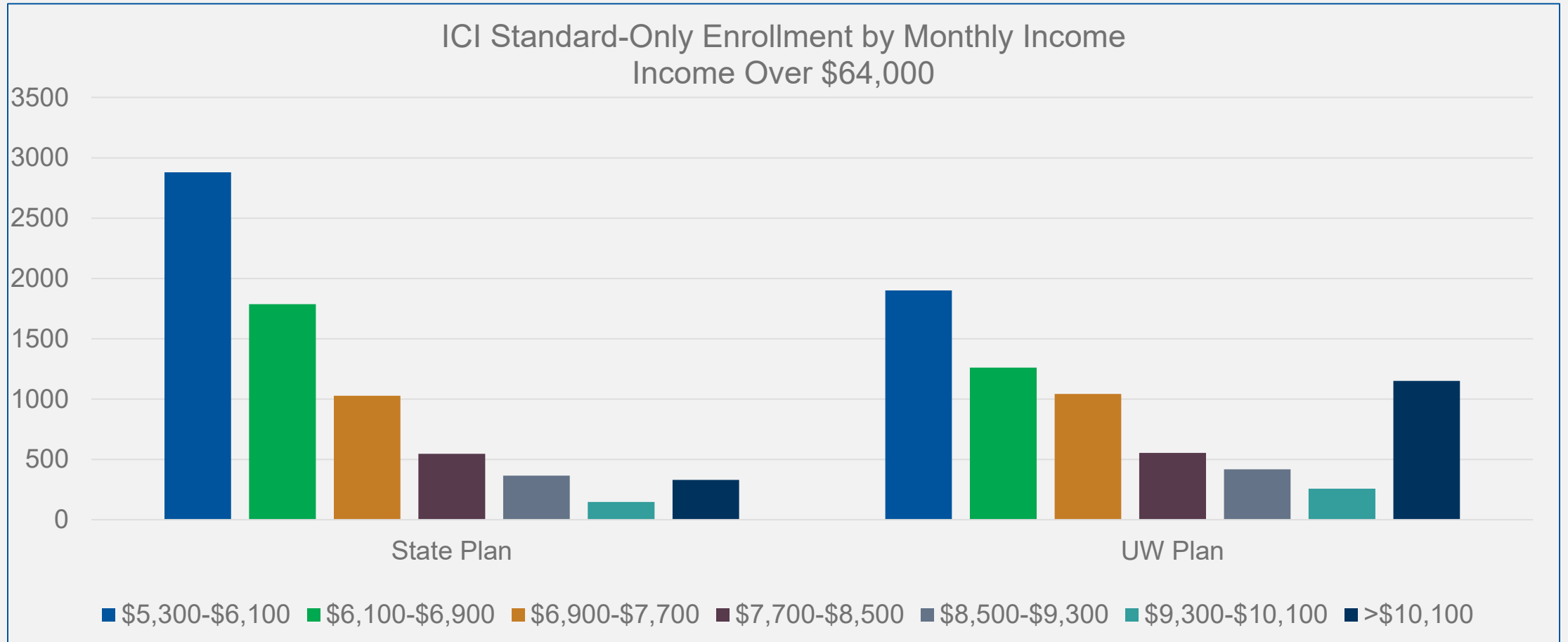
ICI Enrollment



ICI Enrollment by Employer

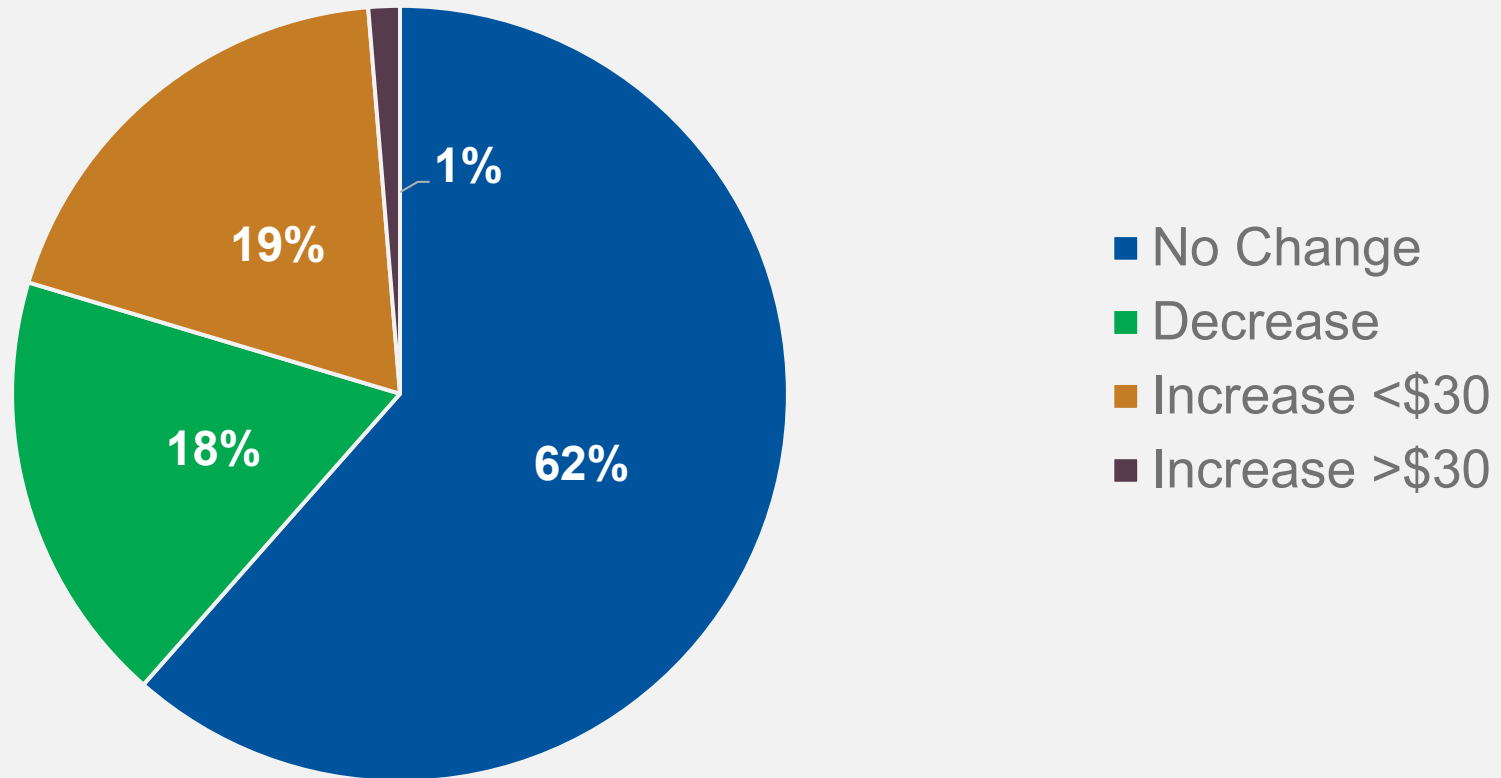


ICI Standard-Only Enrollment by Monthly Income



Employees

Employee Monthly Premium Impact-All ICI Enrollees



Employees-State Enrollees

Employee Monthly Premium Changes Income over \$64,000-Standard Enrollment Only Category 1*			
Monthly Income	Enrollment	Low	High
\$5,300-\$6,100	438	\$1.16	\$10.45
\$6,101-\$6,900	379	\$11.70	\$21.07
\$6,901-\$7,700	155	\$22.40	\$31.69
\$7,701-\$8,500	61	\$33.10	\$42.55
\$8,501-\$9,300	44	\$43.63	\$53.00
\$9,301-\$10,100	9	\$54.25	\$62.21
>\$10,100	35	\$62.21	\$62.21
Total	1121		

*Less than 23 days of accumulated sick leave

Employee Monthly Premium Changes Income over \$64,000-Standard Enrollment Only Category 2**			
Monthly Income	Enrollment	Low	High
\$5,300-\$6,100	162	\$0.00	\$8.22
\$6,101-\$6,900	152	\$8.87	\$15.97
\$6,901-\$7,700	68	\$16.97	\$24.01
\$7,701-\$8,500	50	\$25.08	\$32.24
\$8,501-\$9,300	14	\$33.06	\$40.16
\$9,301-\$10,100	12	\$41.11	\$47.14
>\$10,100	13	\$47.14	\$47.14
Total	471		

**23-64 days of accumulated sick leave

Employees-UW Faculty/Academic Staff Plan

Employee Monthly Premium Changes Income over \$64,000-Standard Enrollment Only UW Faculty-30 Day Elimination Period			
Monthly Income	Enrollment	Low	High
\$5,300-\$6,100	291	\$0.00	\$5.64
\$6,101-\$6,900	201	\$6.43	\$11.57
\$6,901-\$7,700	168	\$12.31	\$17.40
\$7,701-\$8,500	79	\$18.18	\$23.37
\$8,501-\$9,300	63	\$23.96	\$29.11
\$9,301-\$10,100	37	\$29.80	\$34.17
>\$10,100	130	\$34.17	\$34.17
Total	969		

Employer Premiums

Increasing ICI Covered Payroll to \$120,000-Employer Average Premium for all Enrollees					
Employer	Number of Employees	Average Premium Current	Average Premium New	Difference	Annual Increase
DOA (STAR)	19,942	\$12.71	\$15.87	\$3.16	\$757,201
Beyond Vision	31	\$11.65	\$14.63	\$2.98	\$1,109
WHEDA	80	\$16.37	\$22.56	\$6.18	\$5,933
UWHC	5,240	\$8.08	\$11.98	\$3.90	\$245,232
UW	17,025	\$16.64	\$23.42	\$6.78	\$1,385,154
WEDC	0	NA	NA	NA	NA
Total	42,318	\$13.72	\$18.44	\$4.71	\$2,391,813



Agency Premiums-Top 10

Increasing ICI Covered Payroll to \$120,000-Employer Average Premium for all Enrollees					
Top 10 DOA Agencies by EEs	Number of Employees	Average Premium Current	Average Premium New	Difference	Annual Increase
Corrections	5,853	\$10.51	\$11.62	\$1.11	\$77,961
Health Services	3,809	\$10.70	\$13.02	\$2.32	\$106,042
Transportation	1,990	\$15.25	\$19.14	\$3.89	\$92,893
Natural Resources	1,314	\$16.73	\$20.50	\$3.77	\$59,445
Workforce Development	991	\$11.93	\$14.50	\$2.57	\$30,562
Administration	899	\$15.75	\$21.49	\$5.73	\$61,815
Veterans Affairs	602	\$8.50	\$10.22	\$1.72	\$12,425
Revenue	586	\$15.21	\$19.61	\$4.40	\$30,941
Children and Families	415	\$13.42	\$17.26	\$3.85	\$19,173
DATCP	355	\$15.99	\$18.81	\$2.83	\$12,056



Other Impacts

- Annual supplemental enrollment period becomes obsolete
 - Annual reviews by employers not needed
 - The Hartford will no longer have to process supplemental coverage applications
 - The Hartford will no longer have to verify supplemental coverage
- One premium rate table
- Program simplified; easier to administer and understand
- Local ICI plan on premium holiday

Other Changes

IAS Changes

- Multiple employers within a payroll center
- UW employees in State ICI and UW faculty plans
- Require enrollment into single plan with full salary

Technical Changes

- Reflect current practices
- Update obsolete references
- Clarify plan provisions
- Eliminate unnecessary language
- Renumber and reorder plan provisions

Next Steps: Implementation

Communication to employers and employees

Assist employers and The Hartford with updating program administration

Develop 2024 premium rate tables

- Publish end of November 2023

- Publish revised plan language
- Updates to ICI Employer Manual

Review and revise internal processes

Options

1

- Approve all changes to the ICI plan language as provided in Attachment A effective January 1, 2024

2

- Approve all changes to the ICI plan language provided in Attachment A except amend section 2.16 (3) to require a 3-year graduated increase in the ICI Standard maximum eligible salary beginning January 1, 2024.

3

- Approve changes to the ICI plan language that are related to IAS implementation and technical updates only, with an effective date of January 1, 2023.



Action Items

- The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) approve the recommended changes to the Income Continuation Insurance (ICI) program state and local plan language contained in Attachment A.

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Questions?

Thank you



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