

Income Continuation Insurance Program Changes



Item 9 – Group Insurance Board

Jim Guidry, Director

Benefit Services Bureau





Action Item

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 that modify the effective date of the annual ICI premium rate adjustments for the State ICI Plan and make other technical updates effective Feb. 22, 2024.

Income Continuation Insurance

Voluntary disability income replacement benefit payable to enrolled participants

- Monthly benefit – 75% of salary
 - Coverage to \$120,000 annual salary – Max benefit/month: \$7,500
 - \$75 monthly add-on to long-term benefits
- Separate State and Local employer plans
- Short-term and long-term benefits payable to age 65 for most
- State ICI premiums are based on salary and accumulated sick leave balances
 - UW Faculty and Academic Staff – Elimination period based premium structure
- Local plan has elimination period based premium structure – currently on premium holiday
- Premiums shared between employers and employees

ICI Program Update – IAS

Insurance Administration System (IAS) Related Changes

- Changes the effective date of annual State ICI premium adjustments to April 1 of each calendar year from current February 1
 - Under IAS, ETF will begin invoicing employers for ICI premiums
 - Process expansion
 - Shift to April 1 gives State employers and ETF adequate time
 - Local employer premiums currently update on April 1
 - Attachment A – Items 4, 5

ICI Plan Technical Updates 1

Modifying language – New ICI Rate Table

- Monthly premium rate based on annual salary
- Attachment A – Items 1, 5-8, 10

Replacing Language – State and Local Elimination Periods

- Specifies current elimination periods for State and Local ICI plans
- Specifies earnings for premium purposes must be determined under §2.11 of the plan language
- Removes Table I in Local plan language
- Attachment A – Items 3, 8-12

ICI Plan Technical Updates 2

Clarifying language

- Return from Leave of Absence
 - Premium based on employee's premium category and earnings before LOA
 - Clarifies that applicable premium is the current premium rate in effect
- Local Employer Contributions
 - Local employers can contribute more than the minimum required employer premium
 - Clarifies that employer share must be 100% of a shorter elimination period
- Attachment A – Items 2, 7, 9

IBNR Experience Study

Milliman, Inc. performed experience studies for the State and Local ICI programs.

- Claims incurred but not reported (IBNR)
- Analysis of historical claims experience from 1.1.2017, through 12.31.2022

State and Local IBNR Valuation Assumptions - % of Annual Incurred Claims			
Plan	2022 IBNR %	2023 IBNR %	Net Change to Liabilities*
State	25%	17%	(\$1,355,712)
Local	25%	26%	\$18,856

*As of 12/23/2022. For illustration only



Action Item

ETF requests the Board approve the recommended changes to the ICI program State and Local plan language that modify the effective date of the annual ICI premium rate adjustments for the State ICI Plan and make other technical updates effective Feb. 22, 2024.

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Questions?

Thank you



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608-266-3285
1-877-533-5020