

Life Insurance Effective Date Alignment



Item 2 – Group Insurance Board

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Action Needed

- The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve the following changes to the Wisconsin Public Employers Group Life Insurance Program (Program):
 - Change the coverage effective date to align with the premium effective date to the first of the month on or after the date an eligible employee submits an application or upon of underwritten coverage in accordance with enrollment provisions.
 - Align all coverage and premium termination dates to coincide with the end of coverage.

Timing of Recommended Changes

Changes would take effect on the day Securian Financial (Securian), sends the last conversion file, prior to the Insurance Administration System (IAS) go live date.

While the exact date has not yet been established, it is tentatively scheduled for May 2025.

Background

- Program is a benefit provided under the Wisconsin Retirement System.
- Available to employees of the State of Wisconsin and employees of participating Wisconsin Local government employers.
- Governed under [Chapter 40](#) of Wisconsin State Statutes and [Chapter 60](#) of Wisconsin Administrative Code.
- Securian is the contracted Third-Party Administrator for the Life Insurance Program.

Current Practice

Program uses separate effective dates in the administration of the plan.

- Coverage effective date and the premium effective date
- Coverage termination date and premium termination date

Effective Date

Current eligibility policy; premiums are based on:

- The first of the month following 30 days from the date of hire
- The first of the month following 30 days from return from an approved leave of absence
- The first of the month following 30 days from a qualifying family status change event

Coverage and claims are based on the employee's election date.

Termination Date

- Two separate dates are used for coverage and premium cancellation determinations.
- In most instances, coverage ceases at the end of the month in which the employer receives the cancellation, or qualifying event occurs.
 - Certain cases where coverage ends immediately upon the qualifying event

Reason for the Change

IAS has one data field available for driving the effective date rules and one data field for driving the termination date rules.

- Creates challenges to accurately administer the Program
- Larger issue for coverage effective date
- Crucial to prevent future administrative complications
- Address complexities with current enrollment/termination policies



Recommendations

Alignment of the Coverage and Premium Effective Dates

Align the coverage effective date with the premium effective date.

Change the coverage effective date to the first of the month **on or after** the date an eligible employee submits an application or approval of underwritten coverage.

Coverage Effective Date Alignment

Lifecycle Processes	Current State Coverage Effective Date	Current State Premium Effective Date	New Effective Date rule to align to for IAS Configuration	Current State Coverage Termination Date	Current State Premium Termination Date	Updated Termination Date rule to align to for IAS Configuration
New Hire/Newly Eligible Enrollment	Date of enrollment, but not earlier than hire	1st of the month following 30 days after date of hire	1st of the month on or after enrollment	N/A	N/A	N/A
Enrollment due to Family Status Change (QLE)	Date of enrollment, but not earlier than family status change event (QLE)	1st of the month following 30 days after date of family status change (QLE)	1st of the month on or after enrollment	N/A	N/A	N/A
EOI Enrollment	Date of EOI approval	1st of the month following EOI approval	1st of the month on or after approval	N/A	N/A	N/A

Align All Coverage and Premium Termination Dates to Coincide with the End of Coverage

- Coverage will terminate based on current rules.
- Securian will receive mid-month terminations in situations of divorce and death of an employee.
- Does not change the requirement that a full month of premium is owed for mid-month terminations.
- Modify the length of coverage to the surviving spouse and dependent(s) coverage after the death of an employee.
- Eliminate automatically terminating dependent coverage when the only dependent child becomes WRS qualified.

Termination Alignment

Lifecycle Processes	Current State Coverage Effective Date	Current State Premium Effective Date	New Effective Date rule to align to for IAS Configuration	Current State Coverage Termination Date	Current State Premium Termination Date	Updated Termination Date rule to align to for IAS Configuration
Employee Death	N/A	N/A	N/A	Date of death	End of the month of death	Date of death
Termination of Spouse & Dependent due to Employee Death	N/A	N/A	N/A	90 days after the death of employee	End of the month in which the employee died	End of the month in which the employee died
Termination of Additional due to employee 70+ (Active EE paying additional, coverage terms on termination date)	N/A	N/A	N/A	Termination date	End of the month of termination	End of the month of termination
Termination of Spouse & Dependent due to Divorce (no other covered dependents)	N/A	N/A	N/A	Date of divorce	End of the month of divorce	Date of divorce
Termination of Spouse & Dependent due to Last Dependent becoming an eligible employee	N/A	N/A	N/A	Date of qualification for insurance as an eligible employee	End of the month of qualification for insurance	N/A Remove Scenario

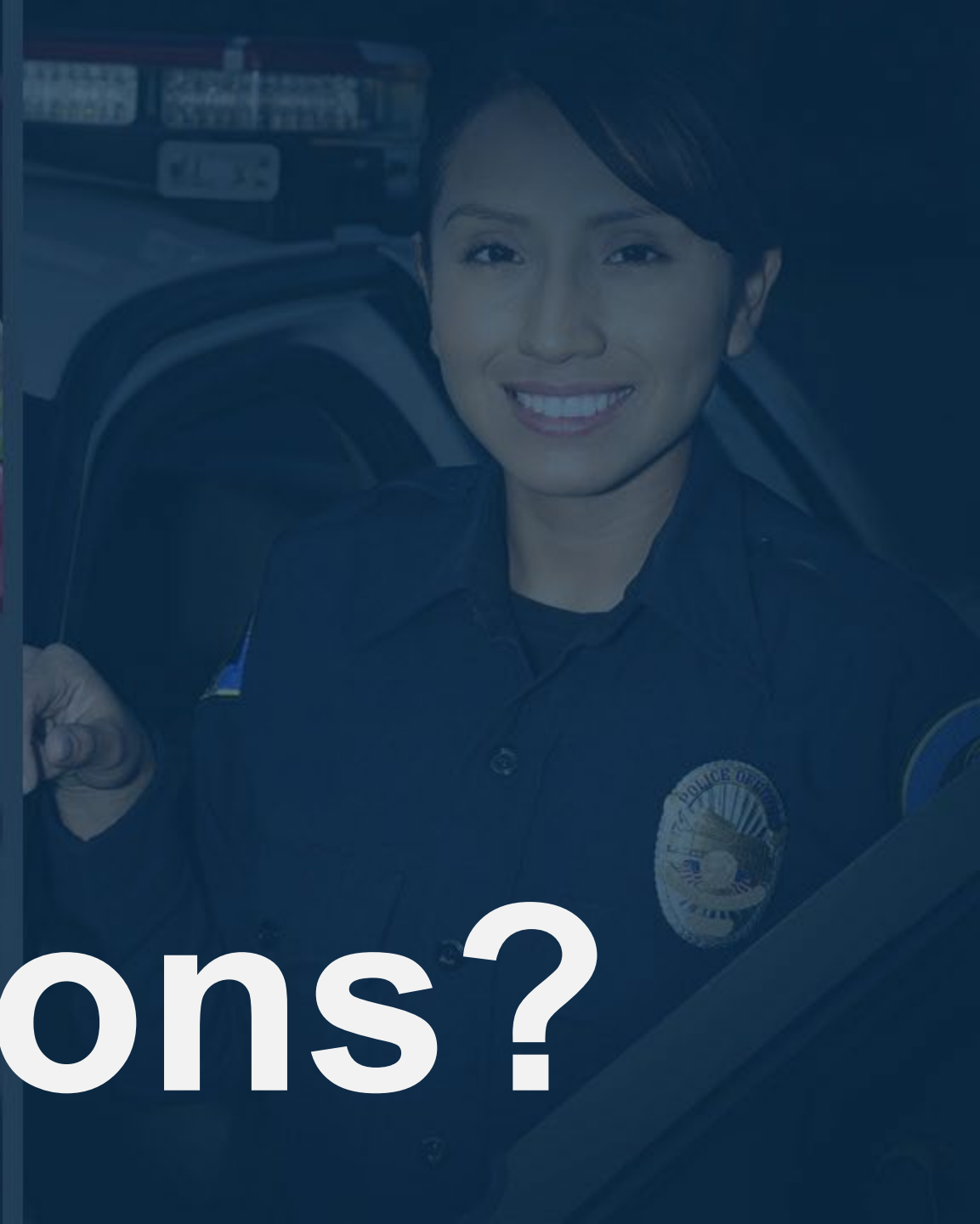
Recommendations

- Collaboration between ETF, Securian, and BenefitFocus
- Vetted by Office of Legal Services
- Vetted with Key Employers, including DOA
- No impact to actuarial calculations of the Program
- Allows the life insurance to be included in IAS at the time of go-live
- Eases the administration complexities of current rules



Action Needed

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Questions?

Thank you



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