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CORRESPONDENCE MEMORANDUM

DATE: November 18, 2015
TO: Teachers Retirement Board
Wisconsin Retirement Board
FROM: Deb Roemer, Director
Benefit Services Bureau
Division of Retirement Services
SUBJECT: July - September 2015 Quarterly Disability Annuity Statistics

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

Attached is the Wisconsin Retirement System *Disability Benefit Statistical Report* for July through September 2015. The report provides quarterly data on benefit payments, the number of annuities started, options selected, gender, determination, age and disability type.

We would appreciate any feedback that you may offer for improving this report. Please contact Deb Roemer at 608-266-5387 or deb.roemer@etf.wi.gov if you have comments or questions.

Attachment: 3rd Quarter Disability Benefit Statistical Report

Reviewed and approved by Matt Stohr, Administrator,
Division of Retirement Services
Matt Stohr Electronically Signed 12/1/15

Board	Mtg Date	Item #
JM	12.10.15	4G

2015 Third Quarter Disability Benefit Statistical Report

Introduction

The Board delegated authority to the Department to review and approve disability claims so long as staff provide quarterly reports to the Board. The 2015 Third Quarter Disability Benefit Statistical Report provides a statistical review of the Disability Annuity (40.63) and Duty Disability (40.65) programs for the months of July, August and September 2015. This report provides a review of benefit payments, the number of individuals receiving benefits and other demographic data.

The number of 40.63 claims have declined compared to the third quarter of 2014 and the number of 40.65 claims increased when compared to the same quarter in 2014. Annual trends and data are included in the annual report, which is typically shared at the first Board meeting of the year.

The Disability Programs Section (DPS) has been working with its actuary, Milliman, Inc., on a comprehensive study of ETF's disability programs. The goal of this study is to review and evaluate current program structures, evaluate the impact of changes to ETF's disability programs and offer other suggestions for program improvement. The first phase of this study is currently under way and is focused on factors that affect the Income Continuation Insurance Program.

In recent months, DPS has reviewed and implemented some new policies and processes. One relates to disability medical certifications. This policy provides guidance in circumstances where existing medical information is insufficient to determine if a claimant is disabled or the information conflicts with previously received documentation. If additional information is needed, an independent medical examination may be used to provide medical clarification. Another policy provides clarification on the processing of non-traumatic mental injury claims in the Duty Disability program. Based on an opinion from the Department of Justice, ETF has removed the questions specific to mental injuries and the "extraordinary stress" standard from the Duty Disability medical report form. Instead, the employer will now complete additional questions when an employee is claiming a non-traumatic mental injury. DPS staff will then review all documentation to determine if the "extraordinary stress" standard has been met. Staff will also review previous "extraordinary stress" case rulings to ensure consistency in determinations.

Claim Payments

Table 1.1 shows the monthly total claim payments made during the third quarter of 2015 for the 40.63 and 40.65 programs.

Table 1.1. Disability Benefit Payments (40.63 and 40.65)

Program	Jul 2015	Aug 2015	Sep 2015	3 rd Qtr. 2015
40.63	11,597,162.93	11,698,094.08	11,647,617.84	34,942,874.85
40.65	2,925,714.86	2,761,180.09	2,789,159.22	8,476,054.17

Disability annuity benefit payments increased 2.7% when compared to third quarter 2014 payments (\$34.0 million). Duty disability payments increased 6.0% compared to third quarter 2014 payments (\$8.0 million).

The number of active claimants receiving 40.63 and 40.65 benefits in the third quarter 2015 are displayed in table 1.2.

Table 1.2. 40.63 and 40.65 Active Claimants

Program	Jul 2015	Aug 2015	Sep 2015
40.63	6455	6449	6452
40.65	994	994	999

There were 6,495 disability annuitants at the beginning of 2015 and 989 claimants receiving 40.65 benefits. Table 1.2 shows the continuing trend of slow but steady decline in monthly 40.63 benefit payments due to fewer employees remaining eligible for the benefit (employees hired before October 16, 1992 with no break in service) and as existing claimants pass away. The number of active monthly duty disability claimants have increased 1% since the beginning of 2015.

§ 40.63 Disability Annuity

40.63 disability estimates requested and completed in the third quarter of 2014 and 2015 are shown in Table 1.3.

Table 1.3. 40.63 Disability Estimates Requested and Completed 2014-2015

	Jul	Aug	Sep	3 rd Quarter
2015 Disability Estimates Requested	29	30	37	96
2014 Disability Estimates Requested	49	28	31	108
2015 Disability Estimates Completed	25	38	32	95
2014 Disability Estimates Completed	46	34	34	114

There were nine Teachers Retirement (TR) Board annuities started in the period examined; the same number of TR annuities were started in the same period in 2014. Seven of those annuities (79%) were filed by women and two (22%) were filed by men, while in 2014, five annuities (56%) were started for women and four annuities (44%) were started for men. Table 1.4 shows the breakdown of options selected by new annuitants.

Table 1.4. TR Board Annuities Started By Option Selected

Option	Jul	Aug	Sep	3rd Qtr 2015	3rd Qtr 2014
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	0	3	2	5	5
Life Annuity with 60 Payments Guaranteed	0	0	0	0	0
For Annuitant's Life Only	1	0	0	1	0
Life Annuity with 180 Payments Guaranteed	2	0	0	2	2
75% Continued to Named Survivor (Joint Survivor)	0	1	0	1	1
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	1

75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	3	4	2	9	9

There were 24 Wisconsin Retirement (WR) Board annuities started in the period examined, compared to 25 WR annuities started in the same period in 2014. Annuities in 2015 were made up of 12 female annuitants (50%) and 12 male annuitants (50%). In 2014 new annuities were similarly split between male (12) and female annuitants (13). Table 1.5 shows the breakdown of options selected by new WR Board annuitants.

Table 1.5. WR Board Annuities Started By Option Selected

Option	Jul	Aug	Sep	3rd Qtr 2015	3rd Qtr 2014
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	5	5	1	11	9
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	0	1	0	1	2
Life Annuity with 180 Payments Guaranteed	4	1	0	5	2
75% Continued to Named Survivor (Joint Survivor)	2	0	0	2	4
100% Continued to Named Survivor (Joint Survivor)	1	0	0	1	4
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	1	1	1	3	4
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	1	0	0	1	0
TOTAL	14	8	2	24	25

New 40.63 Claims

There were 14 TR Board disability applications filed in the third quarter of 2015. Eleven applications were approved, one application was denied, one application was initially denied and later approved, and one application was withdrawn. By comparison, nine applications were filed for the same period in 2014. All nine applications were approved. There were 28 WR Board disability applications filed in the third quarter of 2015. Twenty six applications were approved; two were denied. Of the twenty six WR Board approvals, one application was originally denied and was later rescinded. There were 31 WR Board disability annuity applications in 2014.

Tables 2.1 and 2.2 show the breakdown of disability applications by age. As is typical, the greatest number of claims are concentrated in the 51-60 age range. Claims for 40.63 benefits will continue to be concentrated in this age range as fewer younger participants will be eligible for the benefit.

Table 2.1. TR Board Applications By Age

Age	Jul	Aug	Sep	3rd Qtr 2015	3rd Qtr 2014
46-50	1	0	0	1	1
51-55	2	1	3	6	2
56-60	2	3	0	5	5
61-65	1	0	1	2	1
TOTAL	6	4	4	14	9

Table 2.2. WR Board Applications By Age

Age	Jul	Aug	Sep	3rd Qtr 2015	3rd Qtr 2014
41-45	1	0	0	1	0
46-50	3	0	2	5	7
51-55	2	2	5	9	16
56-60	5	2	3	10	6
61-65	1	1	1	3	2
TOTAL	12	5	11	28	31

Tables 2.3 and 2.4 show the breakdown of disability applications by disability type. Third quarter claims are distributed among mental illness (29%), neurological (21%) and multiple medical issues (21%) for TR Board applicants while WR Board claims are concentrated in orthopedic (21%), neurological (21%), muscle tissue (14%) and mental illness claims (11%) .

Table 2.3 TR Board Disability Applications By Disability Type

Disability Type	Jul	Aug	Sep	3rd Qtr 2015	3rd Qtr 2014
Brain Injury	0	0	0	0	1
Cardiovascular	1	1	0	2	0
Mental Illness	3	0	1	4	0
Multiple Medical Problems	0	2	1	3	3
Multiple Sclerosis	0	0	0	0	1
Neurology	2	0	1	3	3
Orthopedic	0	0	1	1	1
Other	0	1	0	1	0
TOTAL	6	4	4	14	9

Table 2.4 WR Board Disability Applications By Disability Type

Disability Type	Jul	Aug	Sep	3rd Qtr 2015	3rd Qtr 2014
Brain Injury	0	1	0	1	0
Cancer	1	1	0	2	3
Cardiovascular	1	0	0	1	3
Eye Disorders	0	0	0	0	1
Gastro/Intestinal	0	1	0	1	1
Mental Illness	1	0	2	3	3
Multiple Medical Problems	1	0	1	2	1
Multiple Sclerosis	1	0	0	1	0
Muscle/Tissue	2	0	2	4	3
Nephrology	0	0	0	0	2
Neurology	3	0	3	6	1
Orthopedic	1	2	3	6	12
Other	1	0	0	1	0
Respiratory	0	0	0	0	1
TOTAL	12	5	11	28	31

§ 40.65 Duty Disability

There were eleven duty disability benefits started in the third quarter of 2015, compared with six benefits started in the same period in 2014. Of the 2015 claims, two were approved under the cancer, heart and lung, or infectious disease presumptive statutes. Table 3.1 shows the breakdown of duty disability applications by disability type. Although there were only eleven applications for the third quarter, 55% of those claims (six) were for musculoskeletal disabilities.

Table 3.1 Duty Disability Applications By Disability Type

Disability Type	Jul	Aug	Sep	3rd Qtr 2015	3rd Qtr 2014
Musculoskeletal	3	0	3	6	2
Cancer	1	0	0	1	1
Cardiovascular	0	0	1	1	1
Psychiatric	0	0	1	1	1
Orthopedic	0	0	0	0	1
Other	0	1	1	2	0
TOTAL	4	1	6	11	6