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Correspondence Memorandum

Date: February 25, 2016
To: Teachers Retirement Board
Wisconsin Retirement Board
From: Deb Roemer, Director
Benefit Services Bureau
Division of Retirement Services
Subject: October – December 2015 Quarterly Disability Annuity Statistics

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

Attached is the Wisconsin Retirement System (WRS) *Disability Benefit Statistical Report* for October through December 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 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.

Staff will be at the Board meeting to answer any questions.

Attachment: 2015 Fourth Quarter Disability Benefit Statistical Report

Reviewed and approved by Matt Stohr, Administrator,
Division of Retirement Services

Electronically Signed 3/9/16

Board	Mtg Date	Item #
JM	3.24.16	4D

Benefit Services Bureau

2015 Fourth Quarter Disability Benefit Statistical Report



February 15, 2016

Introduction:

The Board delegated authority to the Department to review and approve disability claims as long as staff provides quarterly reports to the Board. The 2015 4th 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 October, November, and December 2015. This report provides a review of benefit payments, the number of individuals receiving benefits, and other demographic data. As you will see from the data below, the number of active 40.63 claims have declined in 2015 and the number of active 40.65 claims increased in 2015. 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 focused on factors that affect the Income Continuation Insurance Program.

In recent months, DPS has continued to review and implement some policies and processes related to disability medical certifications. If additional information is needed, an Independent Medical Examination (IME) may be used to provide medical clarification. DPS is currently working with Budget and Procurement to update the IME process for current and future examination needs.

Claim Payments

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

Table 1.1. Disability Benefit Payments (40.63 and 40.65)

Program	Oct 2015	Nov 2015	Dec 2015	4th Qtr. 2015
40.63	11,608,350	11,624,813	11,715,502	34,948,665
40.65	2,814,019	2,731,896	2,723,985	8,269,899

Disability annuity benefit payments increased 2.7% when compared to fourth quarter 2014 payments (\$34.0 million). Duty disability payments increased 4.0% compared to fourth quarter 2014 payments (\$8.0 million).

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

Table 1.2. 40.63 and 40.65 active claimants

Program	Oct 2015	Nov 2015	Dec 2015
40.63	6,451	6,436	6,449
40.65	998	999	1001

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 the number of claimants receiving monthly 40.63 benefit payments. The number of monthly duty disability claimants increased 1% since the beginning of 2015.

§ 40.63 Disability Annuity

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

Table 1.3. 40.63 disability estimates requested and completed 2014-2015

	Oct	Nov	Dec	Quarter
2015 Disability Estimates Requested	38	44	27	109
2014 Disability Estimates Requested	35	36	32	103
2015 Disability Estimates Completed	32	45	37	114
2014 Disability Estimates Completed	32	29	40	101

There were ten Teachers Retirement (TR) Board annuities started in the period examined, compared to six TR annuities started in the same period in 2014. Six of those annuities (60%) were filed by women and four (40%) were filed by men. In the fourth quarter of 2014 all of the six TR Board annuities were started for women. Table 1.4 shows the breakdown of annuity options selected by new annuitants.

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Table 1.4. TR Board annuities started by option selected

Option	Oct	Nov	Dec	4th Qtr 2015	4th Qtr 2014
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	2	3	3	8	2
Life Annuity with 60 Payments Guaranteed	0	0	0	0	1
For Annuitant's Life Only	0	0	0	0	0
Life Annuity with 180 Payments Guaranteed	1	0	0	1	3
75% Continued to Named Survivor (Joint Survivor)	0	0	1	1	0
100% Continued to Named Survivor (Joint Survivor)	0	0	0	0	0
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	3	3	4	10	6

There were 31 Wisconsin Retirement (WR) Board annuities started in the period examined, compared to 27 WR annuities started in the same period in 2014. WR Board annuities in 2015 were made up of 18 female annuitants (58%) and 13 male annuitants (42%). In 2014 new WR Board annuities were 13 female (48%) and 14 male annuitants (52%). 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	Oct	Nov	Dec	4th Qtr 2015	4th Qtr 2014
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	4	3	1	8	8
Life Annuity with 60 Payments Guaranteed	3	1	0	4	4
For Annuitant's Life Only	6	2	1	9	2
Life Annuity with 180 Payments Guaranteed	1	2	3	6	7
75% Continued to Named Survivor (Joint Survivor)	1	0	0	1	2
100% Continued to Named Survivor (Joint Survivor)	2	0	1	3	4
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	17	8	6	31	27

New 40.63 Claims

There were five TR Board disability applications filed in the fourth quarter of 2015. All five applications were approved. By comparison seven applications were filed for the same period in 2014. All seven of those applications were approved. There were 22 WR Board disability applications filed in the fourth quarter of 2015. Seventeen (17) applications were approved, one claim was cancelled, one was denied, and three previous denials were rescinded. There were 29 WR Board disability annuity applications in 2014.

Additionally, 2 WR Board claims were terminated during the fourth quarter of 2015. One claimant was determined to be no longer disabled, while the other claim was terminated for failure to provide necessary medical information.

Tables 2.1 and 2.2 show the breakdown of disability annuity applications by age. As is typical, the greatest number of claims are concentrated in the 51-65 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	Oct	Nov	Dec	4th Qtr 2015	4th Qtr 2014
41-45	0	1	0	1	0
51-55	2	1	0	3	4
56-60	0	0	0	0	3
61-65	0	1	0	1	0
TOTAL	2	3	0	5	7

Table 2.2. WR Board applications by age

Age	Oct	Nov	Dec	4th Qtr 2015	4th Qtr 2014
46-50	1	0	0	1	10
51-55	0	1	3	5	5
56-60	2	4	0	6	11
61-65	3	4	4	12	3
TOTAL	6	9	7	22	29

Tables 2.3 and 2.4 show the breakdown of disability applications by disability type. Fourth quarter claims are evenly distributed among cancer, hearing disorder, mental illness, multiple medical issues, and other disability type claims for TR Board applicants while WR Board claims are concentrated in neurological (24%), orthopedic (21%), cardiovascular (17%), muscle tissue (14%), and mental illness claims (13%).

Table 2.3 TR Board disability applications by disability type

Disability Type	Oct	Nov	Dec	4th Qtr 2015	4th Qtr 2014
Cancer	1	0	0	1	1
Eye Disorders	0	0	0	0	1
Hearing Disorder	0	1	0	1	0
Mental Illness	1	0	0	1	0
Multiple Medical Problems	0	1	0	1	0
Muscle/Tissue	0	0	0	0	1
Neurology	0	0	0	0	3
Orthopedic	0	0	0	0	1
Other	0	1	0	1	0
TOTAL	2	3	0	5	7

Table 2.4 WR Board disability applications by disability type

Disability Type	Oct	Nov	Dec	4th Qtr 2015	4th Qtr 2014
Cancer	0	0	1	1	5
Cardiovascular	0	3	1	4	1
Mental Illness	2	1	0	3	3
Multiple Medical Problems	0	1	1	2	4
Multiple Sclerosis	0	1	0	1	0
Muscle/Tissue	0	0	1	1	4
Nephrology	0	0	0	0	0
Neurology	3	1	2	6	4
Orthopedic	1	2	1	4	8
TOTAL	6	9	7	22	29

§ 40.65 Duty Disability

There were six duty disability benefits started in the fourth quarter of 2015, compared with seven duty disability benefits started in the same period in 2014. None of the 2015 claims 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. All six of the duty disability applications for the fourth quarter were for musculoskeletal disabilities.

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Table 3.1 Duty Disability applications by disability type

Disability Type	Oct	Nov	Dec	4th Qtr 2015	4th Qtr 2014
Musculoskeletal	2	3	1	6	4
Neurological	0	0	0	0	1
Psychiatric	0	0	0	0	1
Other	0	0	0	0	1
TOTAL	2	3	1	6	7