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Correspondence Memorandum

Date: May 24, 2016

To: Teachers Retirement Board
Wisconsin Retirement Board

From: Deb Roemer, Director
Benefit Services Bureau
Division of Retirement Services

Subject: January – March 2016 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 January through March 2016. 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.

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

Attachment: 2016 First Quarter Disability Benefit Statistical Report

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

Electronically Signed 6/8/16

Board	Mtg Date	Item #
JM	6.23.16	4D

Benefit Services Bureau

2016 First Quarter Disability Benefit Statistical Report



May 20, 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 2016 1st 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 January, February, and March 2016. 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 has declined, as have the number of active 40.65 claims. 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 current phase of this study is focused on evaluating the plan design of the Income Continuation Insurance and Long-Term Disability Insurance programs and any plan design changes that would improve efficiencies and reduce program overlap.

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 conducted one IME in the first quarter of 2016.

Claim Payments

Table 1.1 shows the monthly total claim payments made during the first quarter of 2016 for the 40.63 and 40.65 programs.

Table 1.1. Disability Benefit Payments (40.63 and 40.65)

Program	Jan 2016	Feb 2016	Mar 2016	1st Qtr 2016*
40.63	11,661,430	11,588,426	11,661,047	34,910,902
40.65	2,724,574	2,848,651	2,866,444	8,439,669

*Quarterly totals may not equal the sum of monthly figures due to rounding

Disability annuity benefit payments increased 2.4% when compared to first quarter 2015 payments (\$34.0 million). Duty disability payments increased 3.8% compared to first quarter 2015 payments (\$8.1 million).

The number of active claimants receiving 40.63 and 40.65 benefits in the first quarter 2016 are described in table 1.2.

Table 1.2. 40.63 and 40.65 active claimants

Program	Jan 2016	Feb 2016	Mar 2016
40.63	6,434	6,428	6,426
40.65	1,001	1,001	999

There were 6,449 disability annuitants at the beginning of 2016 and 1,001 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 decreased by two since the beginning of 2016.

§ 40.63 Disability Annuity

40.63 disability estimates requested and completed in the first quarter of 2015 and 2016 are shown in Table 1.3.

Table 1.3. 40.63 disability estimates requested and completed 2015-2016

	Jan	Feb	Mar	Quarter
2016 Disability Estimates Requested	24	41	29	94
2015 Disability Estimates Requested	38	34	43	115
2016 Disability Estimates Completed	18	43	31	92
2015 Disability Estimates Completed	22	50	36	108

There were seven Teachers Retirement (TR) Board annuities started in the period examined, compared to two TR annuities started in the same period in 2015. Five of those annuities (71%) were filed by women and two (29%) were filed by men. In the first quarter of 2015 both of the TR Board annuities were started for women. Table 1.4 shows the breakdown of annuity options selected by new annuitants.

Table 1.4. TR Board annuities started by option selected

Option	Jan	Feb	Mar	1st Qtr 2016	1st Qtr 2015
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	0	0	0	0	1
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	0	1	0	1	1
Life Annuity with 180 Payments Guaranteed	0	2	1	3	0
75% Continued to Named Survivor (Joint Survivor)	0	0	1	1	0
100% Continued to Named Survivor (Joint Survivor)	1	0	0	1	0
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	1	4	2	7	2

There were 20 Wisconsin Retirement (WR) Board annuities started in the period examined, compared to 20 WR annuities started in the same period in 2015. WR Board annuities in 2016 were made up of 11 female annuitants (55%) and 9 male annuitants (45%). In 2015 new WR Board annuities were 14 female (70%) and 6 male annuitants (30%). 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	Jan	Feb	Mar	1st Qtr 2016	1st Qtr 2015
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	5	1	5	11	9
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	1	0	0	1	2
Life Annuity with 180 Payments Guaranteed	0	0	3	3	4
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	2
100% Continued to Named Survivor (Joint Survivor)	0	2	0	2	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	6	4	10	20	20

New 40.63 Claims

There were 10 TR Board disability applications filed in the first quarter of 2016. All 10 applications were approved. By comparison three applications were filed for the same period in 2015. All three of those applications were approved. There were 30 WR Board disability applications filed in the first quarter of 2016. A total of 25 applications were approved, one claim was withdrawn, three claims were denied, and one previous denial was rescinded. There were 27 WR Board disability annuity applications in 2015.

Additionally, one TR Board claim was terminated during the first quarter of 2016 because the claimant was determined to be no longer disabled.

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 51-60 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	Jan	Feb	Mar	1 st Qtr 2016	1 st Qtr 2015
46-50	0	0	1	1	0
51-55	2	2	2	6	2
56-60	0	0	1	1	1
61-65	0	1	1	2	0
TOTAL	2	3	5	10	3

Table 2.2. WR Board applications by age

Age	Jan	Feb	Mar	1 st Qtr 2016	1 st Qtr 2015
41-45	0	1	1	2	1
46-50	0	1	0	1	5
51-55	3	4	4	11	10
56-60	7	2	2	11	6
61-65	2	1	2	5	5
TOTAL	12	9	9	30	27

Tables 2.3 and 2.4 show the breakdown of first quarter 2016 disability applications by disability type. Neurological and Cancer claims represent half of TR Board applications, while WR Board claims are comprised of neurological (37%), mental illness (13%), orthopedic, muscle tissue, cancer and multiple medical problem (10% each) claims.

Table 2.3 TR Board disability applications by disability type

Disability Type	Jan	Feb	Mar	1 st Qtr 2016	1 st Qtr 2015
Cancer	1	0	1	2	0
Cardiovascular	0	0	0	0	0
Diabetes	0	0	0	0	0
Gastrointestinal	0	0	0	0	0
Mental Illness	1	0	0	1	2
Multiple Medical Problems	0	0	1	1	0
Muscle/Tissue	0	1	0	1	0
Nephrology	0	1	0	1	0
Neurology	0	1	2	3	1
Orthopedic	0	0	1	1	0
TOTAL	2	3	5	10	3

Table 2.4 WR Board disability applications by disability type

Disability Type	Jan	Feb	Mar	1 st Qtr 2016	1 st Qtr 2015
Brain Injury	0	0	1	1	0
Cancer	3	0	0	3	4
Cardiovascular	0	0	0	0	1
Diabetes	0	0	0	0	1
Eye Disorders	1	0	0	1	0
Gastrointestinal	0	0	0	0	1
Mental Illness	1	2	1	4	1
Multiple Medical Problems	1	1	1	3	4
Muscle/Tissue	0	3	0	3	1
Neurology	4	2	5	11	10
Orthopedic	2	1	0	3	4
Respiratory	0	0	1	1	0
TOTAL	12	9	9	30	27

§ 40.65 Duty Disability

There were three duty disability benefits started in the first quarter of 2016, compared with two duty disability benefits started in the same period in 2015. One of the 2016 claims was 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.

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 2016 First Quarter Disability Benefit Statistical Report
 May 20, 2016

Table 3.1 Duty Disability applications by disability type

Disability Type	Jan	Feb	Mar	1st Qtr 2016	1st Qtr 2015
Musculoskeletal	1	0	0	1	1
Cardiovascular	0	0	1	1	0
Multiple Medical Problems	0	0	1	1	0
Psychiatric	0	0	0	0	1
TOTAL	1	0	2	3	2