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Correspondence Memorandum

Date: August 24, 2016

To: Teachers Retirement Board
Wisconsin Retirement Board

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

Subject: April – June 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 April through June 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 Second Quarter Disability Benefit Statistical Report

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

Electronically Signed 9/12/16

Board	Mtg Date	Item #
JM	9.29.16	4D

Benefit Services Bureau

2016 Second Quarter Disability Benefit Statistical Report



August 23, 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 2nd 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 April, May, and June 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 in 2016 while the number of active 40.65 claims has remained level. 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 second quarter of 2016.

Claim Payments

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

Table 1.1. Disability Benefit Payments (40.63 and 40.65)

Program	Apr 2016	May 2016	Jun 2016	2nd Qtr 2016*
40.63	11,633,940	11,618,644	11,577,034	34,829,618
40.65	2,972,678	2,892,756	2,897,041	8,762,476

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

Disability annuity benefit payments increased 0.8% when compared to second quarter 2015 payments (\$34.5 million). Duty disability payments increased 6.4% compared to second quarter 2015 payments (\$8.2 million).

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

Table 1.2. 40.63 and 40.65 active claimants

Program	Apr 2016	May 2016	Jun 2016
40.63	6,428	6,421	6,403
40.65	1,001	1,000	1,002

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 has increased by one since the beginning of 2016.

§ 40.63 Disability Annuity

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

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

	Apr	May	Jun	Quarter
2016 Disability Estimates Requested	44	40	28	112
2015 Disability Estimates Requested	28	31	51	110
2016 Disability Estimates Completed	38	44	31	113
2015 Disability Estimates Completed	27	41	50	118

There were seven Teachers Retirement (TR) Board annuities started in the period examined compared to four TR annuities started in the same period in 2015. Four of those annuities (57%) were filed by women and three (43%) were filed by men. In the second quarter of 2015 one half of the TR Board annuities were started for women and half were started for men. Table 1.4 shows the breakdown of annuity options selected by new annuitants.

Table 1.4. TR Board annuities started by option selected

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

There were 18 Wisconsin Retirement (WR) Board annuities started in the period examined, compared to 27 WR annuities started in the same period in 2015. WR Board annuities in 2016 were made up of nine female annuitants (50%) and nine male annuitants (50%). In 2015 new WR Board annuities were 14 female (52%) and 13 male annuitants (48%). 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	Apr	May	Jun	2 nd Qtr 2016	2 nd Qtr 2015
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	2	5	5	12	10
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	0	0	0	0	4
Life Annuity with 180 Payments Guaranteed	0	1	1	2	2
75% Continued to Named Survivor (Joint Survivor)	1	0	0	1	4
100% Continued to Named Survivor (Joint Survivor)	2	0	0	2	4
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	3
	0	1	0	1	0
TOTAL	5	7	6	18	27

New 40.63 Claims

There were six TR Board disability applications filed in the second quarter of 2016. All six applications were approved. By comparison seven applications were filed for the same period in 2015. There were 21 WR Board disability applications filed in the second quarter of 2016. A total of 17 applications were approved, one claim was canceled, one claim was deemed approved, one claim was denied, and one previous denial was rescinded. There were 30 WR Board disability annuity applications in 2015.

Additionally, one TR Board claim was terminated during the second quarter of 2016 as a result of an independent medical evaluation which determined that the claimant no longer met the definition of disability.

Tables 2.1 and 2.2 show the breakdown of disability annuity applications by age. 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	Apr	May	Jun	2 nd Qtr 2016	2 nd Qtr 2015
51-55	0	1	3	4	4
56-60	0	0	1	1	3
61-65	0	1	0	1	0
TOTAL	0	2	4	6	7

Table 2.2. WR Board applications by age

Age	Apr	May	Jun	2 nd Qtr 2016	2 nd Qtr 2015
46-50	0	3	0	3	6
51-55	3	0	6	9	15
56-60	1	2	2	5	7
61-65	1	1	2	4	2
TOTAL	5	6	10	21	30

Tables 2.3 and 2.4 show the breakdown of second quarter 2016 disability applications by disability type. Muscle tissue and neurological claims represent over half of TR Board applications while WR Board claims are comprised of cancer (24%), orthopedic (19%), muscle/tissue (14%), mental illness, neurology, and multiple medical problem (10% each) claims.

Table 2.3 TR Board disability applications by disability type

Disability Type	Apr	May	Jun	2 nd Qtr 2016	2 nd Qtr 2015
Cancer	0	0	1	1	0
Eye Disorders	0	0	0	0	1
Mental Illness	0	0	1	1	0
Multiple Medical Problems	0	0	0	0	1
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	0	1	1	2	0
Neurology	0	1	0	2	2
Orthopedic	0	0	1	1	1
Respiratory	0	0	0	0	1
TOTAL	0	2	4	7	7

Table 2.4 WR Board disability applications by disability type

Disability Type	Apr	May	Jun	2 nd Qtr 2016	2 nd Qtr 2015
Cancer	1	1	3	5	4
Cardiovascular	0	0	1	1	1
Diabetes	0	0	1	1	1
Eye Disorders	0	0	1	1	0
Mental Illness	1	1	0	2	2
Multiple Medical Problems	0	0	2	2	7
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	0	1	2	3	1
Nephrology	0	0	0	0	1
Neurology	1	1	0	2	4
Orthopedic	2	2	0	4	7
Other	0	0	0	0	1
TOTAL	5	6	10	21	30

§ 40.65 Duty Disability

There were six duty disability benefits started in the second quarter of 2016, compared with nine duty disability benefits started in the same period in 2015. Two of the 2016 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. Additionally, two survivor benefits were also started during the second quarter of 2016.

Benefit Services Bureau
 2016 Second Quarter Disability Benefit Statistical Report
 August 23, 2016

Table 3.1 Duty Disability applications by disability type

Disability Type	Apr	May	Jun	2nd Qtr 2016	2nd Qtr 2015
Musculoskeletal	0	1	1	2	6
Cancer	1	0	0	1	0
Psychiatric	0	0	0	0	2
Respiratory	1	0	0	1	0
Orthopedic	1	1	0	2	0
Other	0	0	0	0	1
TOTAL	3	2	1	6	9