



State of Wisconsin  
Department of Employee Trust Funds  
Robert J. Conlin  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931  
1-877-533-5020 (toll free)  
Fax 608-267-4549  
etf.wi.gov

## Correspondence Memorandum

**Date:** May 23, 2017

**To:** Employee Trust Funds Board  
Teachers Retirement Board  
Wisconsin Retirement Board

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

**Subject:** January – March 2017 Quarterly Disability Annuity Statistics

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

Attached is the Wisconsin Retirement System (WRS) *2017 First Quarter Disability Benefit Statistical Report* for the period January 2017 through March 2017. 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 this report. Please contact Deb Roemer at (608) 266-5387 or [deb.roemer@etf.wi.gov](mailto:deb.roemer@etf.wi.gov) if you have comments or questions.

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

Attachment: 2017 First Quarter Disability Statistical Report

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

Electronically Signed 6/12/17

Board	Mtg Date	Item #
JM	6.22.17	4D

**Benefit Services Bureau**

*2017 First Quarter Disability Benefit Statistical Report*



May 10, 2017

## Introduction

The Department of Employee Trust Funds reviews and approves disability claims and provides quarterly reports to the appropriate board. The *2017 First 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 2017. 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, while the number of active 40.65 claims is unchanged. Annual trends and data are included in our annual report, which is typically presented at the first Board meeting of the year.

The Disability Programs Section (DPS) continues working on the disability programs redesign project. The current phase of this project centers on efforts to close the Long-Term Disability Insurance (LTDI) program and re-open the 40.63 program to new claims on January 1, 2018. Updates to administrative rules to enable these changes have been developed and ETF held a hearing on the proposed rule on May 30, 2017. In addition, a final draft rule is before the ETF board for approval. Development of a communications plan targeting both internal and external stakeholders is in progress.

DPS has also proposed changes to the Income Continuation Insurance (ICI) program to address the actuarial deficit in the state ICI program. These changes would transform the ICI program to a short-term disability income program with an 18-month benefit duration. ETF is developing the necessary amendments to statutory language that will enable these changes to occur. Concurrently, ETF is developing statutory language that will enable oversight of the ICI and LTDI programs to come under the authority of the ETF Board, rather than the Group Insurance Board (GIB). The GIB approved both of these initiatives on February 8, 2017.. The ICI program changes have a targeted implementation date of January 1, 2020.

## Claim Payments

Table 1.1 shows the monthly total claim payments made during the first quarter of 2017 for the 40.63 and 40.65 programs.

Table 1.1. Disability Benefit Payments (40.63 and 40.65)

Program	Jan 2017	Feb 2017	Mar 2017	1st Qtr 2017*
40.63	11,483,263	11,599,197	11,557,119	34,639,579
40.65	2,818,157	2,944,672	2,906,350	8,669,179

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

Disability annuity benefit payments decreased 0.7% when compared to first quarter 2016 payments (\$34.9 million). Duty disability payments increased 2.7% compared to first quarter 2016 payments (\$8.4 million).

The number of active claimants receiving 40.63 and 40.65 benefits in the first quarter 2017 are described in table 1.2.

Table 1.2. 40.63 and 40.65 active claimants

Program	Jan 2017	Feb 2017	Mar 2017
40.63	6,355	6,354	6,353
40.65	1,001	1,002	1,002

There were 6,378 disability annuitants at the beginning of 2017 and 1,002 claimants receiving 40.65 benefits. The number of monthly duty disability claimants has remained level since the beginning of 2017.

### § 40.63 Disability Annuity

40.63 disability estimates requested and completed in the first quarter of 2016 and 2017 are shown in Table 1.3.

Table 1.3. 40.63 disability estimates requested and completed 2016-2017

	Jan	Feb	Mar	Quarter
2017 Disability Estimates Requested	35	31	20	86
2016 Disability Estimates Requested	24	41	29	94
2017 Disability Estimates Completed	30	37	21	88
2016 Disability Estimates Completed	18	43	31	92

There were seven Teachers Retirement (TR) Board annuities started in the period examined. There were also seven TR annuities started in the same period in 2016. Five of those annuities (71%) were filed by women and two (29%) were filed by men. The first quarter of 2016 had the same breakdown of TR Board annuities started for women (5) and men (2). 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 2017	1st Qtr 2016
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	0	0	0	0	0
Life Annuity with 60 Payments Guaranteed	0	1	2	3	1
For Annuitant's Life Only	0	0	0	0	1
Life Annuity with 180 Payments Guaranteed	1	0	0	1	3
75% Continued to Named Survivor (Joint Survivor)	0	0	2	2	1
100% Continued to Named Survivor (Joint Survivor)	0	0	1	1	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
<b>TOTAL</b>	1	1	5	7	7

There were 25 Wisconsin Retirement (WR) Board annuities started in the period examined, compared to 20 WR annuities started in the same period in 2016. WR Board annuities in 2017 were made up of 11 female annuitants (44%) and 14 male annuitants (56%). In 2016 new WR Board annuities were 11 female (55%) and 9 male annuitants (45%). 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 2017	1st Qtr 2016
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	4	3	4	11	11
Life Annuity with 60 Payments Guaranteed	2	0	0	2	1
For Annuitant's Life Only	1	0	0	1	3
Life Annuity with 180 Payments Guaranteed	3	2	1	6	3
75% Continued to Named Survivor (Joint Survivor)	1	0	0	1	0
100% Continued to Named Survivor (Joint Survivor)	0	1	2	3	2
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	1	0	1	0
<b>TOTAL</b>	11	7	7	25	20

## New 40.63 Claims

There were 11 TR Board disability applications filed in the first quarter of 2017 and all applications were approved. By comparison, 10 applications were filed for the same period in 2016 – all 10 of those applications were approved. There were 29 WR Board disability applications filed in the first quarter of 2017. A total of 27 applications were approved, one claim was cancelled and one claim was deemed approved. There were 30 WR Board disability annuity applications in 2016.

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. Once the 40.63 program is reopened in January 2018, as currently anticipated, the age range is expected to broaden, though currently LTDI claims also tend to be concentrated in the 51-60 age range. Overall claim volume for the 40.63 program is expected to increase by approximately 330 new 40.63 claims per year.

Table 2.1. TR Board applications by age

Age	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2017	1 <sup>st</sup> Qtr 2016
46-50	0	0	1	1	1
51-55	2	1	1	4	6
56-60	3	1	1	5	1
61-65	0	1	0	1	2
<b>TOTAL</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>11</b>	<b>10</b>

Table 2.2. WR Board applications by age

Age	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2017	1 <sup>st</sup> Qtr 2016
41-45	0	1	0	1	2
46-50	1	2	1	4	1
51-55	3	3	6	12	11
56-60	4	2	1	7	11
61-65	1	1	3	5	5
<b>TOTAL</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>29</b>	<b>30</b>

Tables 2.3 and 2.4 show the breakdown of first quarter 2017 disability applications by disability type. Cancer and mental illness claims represent 63% of TR Board applications while WR Board claims are made up of cancer, muscle tissue, orthopedic (17% each), multiple medical problems (14%), and neurological (10%) claims.

Table 2.3 TR Board disability applications by disability type

Disability Type	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2017	1 <sup>st</sup> Qtr 2016
Cancer	2	1	1	4	2
Eye Disorders	1	0	0	1	0
Gastrointestinal	1	0	0	1	0
Mental Illness	0	1	2	3	1
Multiple Medical Problems	0	1	0	1	1
Muscle/Tissue	0	0	0	0	1
Nephrology	1	0	0	1	1
Neurology	0	0	0	0	3
Orthopedic	0	0	0	0	1
<b>TOTAL</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>11</b>	<b>10</b>

Table 2.4 WR Board disability applications by disability type

Disability Type	Jan	Feb	Mar	1 <sup>st</sup> Qtr 2017	1 <sup>st</sup> Qtr 2016
Brain Injury	0	0	0	0	1
Cancer	2	1	2	5	3
Cardiovascular	0	0	2	2	0
Eye Disorders	0	0	0	0	1
Mental Illness	0	2	0	2	4
Multiple Medical Problems	3	1	0	4	3
Multiple Sclerosis	0	1	0	1	0
Muscle/Tissue	1	2	2	5	3
Nephrology	1	0	1	2	0
Neurology	0	1	2	3	11
Orthopedic	2	1	2	5	3
Respiratory	0	0	0	0	1
<b>TOTAL</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>29</b>	<b>30</b>

## § 40.65 Duty Disability

There were three duty disability benefits started in the first quarter of 2017, compared with three duty disability benefits started in the same period in 2016. None of the 2017 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.

Table 3.1 Duty Disability applications by disability type

<b>Disability Type</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>1<sup>st</sup> Qtr 2017</b>	<b>1<sup>st</sup> Qtr 2016</b>
Musculoskeletal	0	2	0	2	1
Cardiovascular	0	0	0	0	1
Multiple Medical Problems	0	0	0	0	1
Neurological	0	1	0	1	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>3</b>