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Correspondence Memorandum

Date: August 23, 2019

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

From: Jim Guidry, Director
Benefit Services Bureau
Division of Retirement Services

Subject: April – June 2019 Quarterly Disability Annuity Statistics

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

Attached is the Wisconsin Retirement System (WRS) *2019 Second Quarter Disability Benefit Statistical Report* for the period April 2019 through June 2019. The report provides quarterly data on benefit payments, the number of annuities started, options selected, gender, determination, age and disability type.

We appreciate any feedback or suggestions you may offer for future inclusion in this report. Please contact Jim Guidry at (608) 266-5387 or jim.guidry@etf.wi.gov if you have comments or questions.

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

Attachment: 2019 Second Quarter Disability Statistical Report

Reviewed and approved by Matt Stohr, Administrator, Div. of Retirement Services

Electronically Signed 8/30/19

Board	Mtg Date	Item #
JM	9.19.19	4D

Benefit Services Bureau

2019 Second Quarter Disability Benefit Statistical Report



August 23, 2019

Introduction

The Department of Employee Trust Funds reviews and approves disability claims and provides quarterly reports to the appropriate board. The *2019 Second Quarter Disability Benefit Statistical Report* provides a statistical review of the Disability Annuity (40.63), Duty Disability (40.65), and Long-Term Disability Insurance (LTDI) programs for the months of April, May, and June 2019. This report provides a review of benefit payments, the number of individuals receiving benefits, and other demographic data. As indicated by the data presented below, the number of active 40.63 claims increased slightly this quarter, and the number of active 40.65 claims increased slightly as well. With the reopening of the 40.63 program in 2018, we anticipate the number of open 40.63 claims will continue to increase, as newly filed claims become approved for payment. Annual trends and data are included in the annual report, which is typically presented at the first Board meeting of each year.

The Disability Programs Section (DPS) continues to work on the disability programs redesign project. On January 1, 2018, the Long-Term Disability Insurance (LTDI) program was closed to new claims and the 40.63 program was re-opened to participating employees with hire dates after October 15, 1992. All LTDI claims that were pending at the time the program was closed have been processed.

ETF assumed the payment of LTDI claims on February 1, 2018, and disability program staff now handle all LTDI-specific administrative functions. The Hartford will continue to perform annual mailings and calculate any over- or under-payments of LTDI benefits that may occur going forward.

ETF has also proposed changes to the Income Continuation Insurance (ICI) program statutes. These changes were approved by the Group Insurance Board (GIB) at its February 8, 2017, meeting. The changes as originally proposed addressed the actuarial deficit in the state ICI program and shifted oversight of the ICI program to the ETF Board, rather than the GIB. The Governor's budget proposal on February 28, 2019, included the oversight changes requested by ETF, however, the ICI plan design changes were not included. On May 9, 2019, the Joint Committee on Finance removed the ICI oversight changes as part of their omnibus budget motion. ETF continues to evaluate legislative and non-legislative options to support the ICI redesign effort.

Disability Benefit Payments

Table 1.1 shows the monthly totals of benefit payments made during the second quarter of 2019 for the 40.63, 40.65, and LTDI programs. Table 1.2 shows the total number of active claimants each month by program. There is a decline in both LTDI benefit payment totals and the number of active LTDI claimants due to the recent closure of the program to new claims.

Disability annuity (40.63) benefit payment totals increased 1.6% when compared to second quarter 2018 totals (\$36.1 million). Duty disability (40.65) totals increased by 2.9% compared to second quarter 2018 (\$8.9 million). LTDI benefit payment totals decreased 10.1% compared to the same period in 2018 (\$10.9 million).

Table 1.1. Disability benefit payment totals (40.63, 40.65, and LTDI)

Program	Apr 2019	May 2019	Jun 2019	2nd Qtr 2019*
40.63	12,192,528	12,282,810	12,154,283	36,629,622
40.65	3,013,812	3,133,040	3,032,201	9,179,054
LTDI	3,295,001	3,280,680	3,231,809	9,807,490

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

At the beginning of 2019, there were 6,302 disability annuitants, 1,024 claimants receiving duty disability, and 2,290 claimants receiving LTDI benefits. Table 1.2 shows the number of active claimants receiving 40.63, 40.65 and LTDI benefits in the second quarter of 2019.

Table 1.2. 40.63, 40.65, and LTDI active claimants

Program	Apr 2019	May 2019	Jun 2019
40.63	6,298	6,308	6,316
40.65	1,025	1,027	1,029
LTDI	2,240	2,226	2,197

§ 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates requested and completed in the second quarters of 2018 and 2019.

After an initial rush at the end of 2017, the number of disability annuity estimate requests have stabilized in the wake of the 40.63 program reopening. The number of estimates requested

decreased by 14.4% compared to the second quarter of 2018, and the number of estimates completed decreased by 22.8% compared to the same period in 2018. In spite of these decreases, the 2019 estimates still represent a 175% (for requested) and a 161% (for completed) increase from 2017 when fewer participants were eligible for the program.

Table 1.3. 40.63 estimates requested and completed 2018-2019

	Apr	May	Jun	2nd Quarter
2019 Disability Estimates Requested	71	59	60	190
2018 Disability Estimates Requested	103	64	55	222
2019 Disability Estimates Completed	70	56	57	183
2018 Disability Estimates Completed	95	74	68	237

In 2017, prior to the closure of LTDI and the reopening of 40.63, there were 89 new applications for the 40.63 program. In 2018, there were 350 applications received, representing a 293% increase in application volume. While the number of applications received in the second quarter of 2019 (93) is slightly less than second quarter of 2018 (110) the numbers remain above 2017 levels.

§ 40.63 Benefit Determinations

There were 20 TR Board disability claim determinations in the second quarter of 2019. Of those, 18 claims were approved, one was cancelled, and one was denied. By comparison, there were 19 claim determinations for the same period in 2018, with 17 claims approved and 2 denied. This represents a 5.3% increase in TR claim determinations from the same period in 2018.

There were 62 WR Board disability claim determinations in the second quarter of 2019. Fifty applications were approved, eight were cancelled and four applications were denied. The number of claim determinations in the second quarter of 2019 represents a 3.1% decrease from the 64 WR Board disability claim determinations in the same period in 2018.

Tables 1.4 and 1.5 show the breakdown of disability claim determinations by age. The greatest number of TR Board claims are concentrated in the 51-60 age range, but claims have been extending into younger age ranges now that the program is available to all eligible employees. The WR Board claims had also shifted to younger age ranges, however, this quarter shows a significant shift back to the 51-60 age range.

Table 1.4. TR Board claim determinations by age

Age	Apr	May	Jun	2 nd Qtr 2019	2 nd Qtr 2018
26-30	0	0	0	0	1
41-45	1	0	0	1	0
46-50	1	1	0	2	3
51-55	4	1	4	9	8
56-60	1	0	3	4	5
61-65	2	2	0	4	2
TOTAL	9	4	7	20	19

Table 1.5. WR Board claim determinations by age

Age	Apr	May	Jun	2 nd Qtr 2019	2 nd Qtr 2018
26-30	0	0	0	0	1
31-35	1	0	0	1	1
36-40	1	1	0	2	2
41-45	2	0	1	3	2
46-50	3	2	3	8	8
51-55	7	10	3	20	17
56-60	8	6	3	17	21
61-65	3	4	4	11	12
TOTAL	25	23	14	62	64

Tables 1.6 and 1.7 show the breakdown of second quarter 2019 disability claim determinations by disability type. TR Board claim disability types consisted primarily of cancer (35%), multiple medical problems (25%), neurology (15%), and orthopedic (15%). WR Board claims consisted primarily of multiple medical problems (29%), mental illness (15%), orthopedic (15%), and cancer (11%).

Table 1.6 TR Board disability claim determinations by disability type

Disability Type	Apr	May	Jun	2 nd Qtr 2019	2 nd Qtr 2018
Brain Injury	0	0	0	0	1
Cancer	3	1	3	7	4
Cardiovascular	0	0	0	0	1
Mental Illness	1	0	1	2	2
Multiple Medical Problems	2	2	1	5	3
Multiple Sclerosis	0	0	0	0	2
Nephrology	0	0	0	0	1
Neurology	2	1	0	3	4
Orthopedic	1	0	2	3	0
Respiratory	0	0	0	0	1
TOTAL	9	4	7	20	19

Table 1.7 WR Board disability claim determinations by disability type

Disability Type	Apr	May	Jun	2 nd Qtr 2019	2 nd Qtr 2018
Cancer	4	2	1	7	13
Cardiovascular	2	0	0	2	1
Eye Disorders	2	1	0	3	0
Mental Illness	3	4	2	9	4
Multiple Medical Problems	5	9	4	18	19
Multiple Sclerosis	0	0	0	0	1
Muscle/Tissue	1	0	2	3	1
Nephrology	0	1	0	1	0
Neurology	3	2	1	6	12
Orthopedic	4	2	3	9	7
Other	0	0	0	0	3
Respiratory	1	1	1	3	3
Unknown	0	1	0	1	0
TOTAL	25	23	14	62	64

§ 40.63 Benefits Started

There were 14 Teachers Retirement (TR) Board annuities started in the second quarter of 2019. Twelve of these (86%) were for female claimants, and two (14%) were for males. In the

second quarter of 2018, 15 TR Board annuities were started, 73% for female claimants and 27% for male claimants.

Table 1.8 shows the breakdown of annuity options selected by new annuitants.

Table 1.8. TR Board annuities started by option selected

Option	Apr	May	Jun	2 nd Qtr 2019	2 nd Qtr 2018
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	2	1	2	5	5
Life Annuity with 60 Payments Guaranteed	0	0	0	0	1
For Annuitant's Life Only	1	0	1	2	3
Life Annuity with 180 Payments Guaranteed	3	0	0	3	3
75% Continued to Named Survivor (Joint Survivor)	2	0	0	2	1
100% Continued to Named Survivor (Joint Survivor)	0	1	0	1	2
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	1	1	0
TOTAL	8	2	4	14	15

There were 76 Wisconsin Retirement (WR) Board annuities started in the second quarter of 2019, compared to 65 WR Board annuities started in the same period in 2018. WR Board annuities in this quarter were made up of 45 female annuitants (59%) and 31 male annuitants (41%). In 2018, new WR Board annuities were split between 34 female (52%) and 31 male (48%) annuitants.

Table 1.9 shows the breakdown of options selected by new WR Board annuitants.

Table 1.9. WR Board annuities started by option selected

Option	Apr	May	Jun	2 nd Qtr 2019	2 nd Qtr 2018
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	17	8	3	28	27
Life Annuity with 60 Payments Guaranteed	0	1	2	3	3
For Annuitant's Life Only	8	4	4	16	13
Life Annuity with 180 Payments Guaranteed	7	1	7	15	13
75% Continued to Named Survivor (Joint Survivor)	3	2	0	5	2
100% Continued to Named Survivor (Joint Survivor)	2	4	3	9	7
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0

TOTAL	37	20	19	76	65
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§ 40.65 Duty Disability

In the second quarter of 2019, four duty disability claims were approved, and three duty disability claims were denied.

Duty disability benefits were started for nine claimants in the second quarter of 2019, compared with eight claims started in the same period in 2018. Table 1.10 shows the breakdown of second quarter 2019 duty disability claims by disability type. One of the claims started in the second quarter of 2019 was approved under the cancer presumptive statute, and two were approved under the heart and lung presumptive statute. No duty disability death benefits were started during this period.

Table 1.10 Duty Disability benefits started by disability type

Disability Type	Apr	May	Jun	2nd Qtr 2019	2nd Qtr 2018
Cancer	0	0	1	1	0
Cardiovascular	0	1	0	1	0
Mental Illness	0	0	0	0	2
Multiple Medical Problems	0	0	0	0	1
Musculoskeletal	2	3	1	6	3
Respiratory	0	1	0	1	0
Other	0	0	0	0	2
TOTAL	2	5	2	9	8

LTDI

As noted above, the Long-Term Disability Insurance (LTDI) program was closed to new claims on January 1, 2018. At that time, there were 2,548 claimants receiving LTDI benefits.

Forty-two claims were closed in the second quarter of 2019, including seven deaths, two that were completely offset by their WRS benefit, and one that was terminated for exceeding the earnings limit a second time. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65. There were 2,184 open LTDI claims and 11 suspended LTDI claims at the end of the quarter.

Forty-three claims are expected to reach their maximum duration dates and be closed during the third quarter of 2019.