

Benefit Services Bureau

2024 First Quarter Disability Programs Update



May 27, 2024

Introduction

The Department of Employee Trust Funds (ETF) administers Wisconsin Retirement System (WRS) disability benefits and provides this quarterly report to the Employee Trust Funds, Teacher’s Retirement, and Wisconsin Retirement boards. The *2024 First Quarter Disability Programs Update* 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 January, February, and March 2024. 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 LTDI claims continued to decrease, while the number of 40.63 and 40.65 claims remained largely stable. Annual trends and data are included in the annual report, which is typically presented at the first Board meeting of each year.

In the first quarter, the Disability Program Section (Section) completed the annual salary adjustment for LTDI benefits, and the adjustment of offsets to 40.65 benefits. The section mailed more than 2,800 income certifications to recipients of 40.63 and LTDI benefits and has already processed more than 2,400 completed certifications. The review of income certifications is required annually from recipients to ensure that they remain eligible for benefits. In addition, the section recently mailed approximately 1,000 annual income statements to recipients of 40.65 benefits and will begin to process these as the forms are returned.

Disability Benefit Payments

Table 1.1 shows the total amount of benefit payments made during the first quarter of 2024 and the totals for the prior four quarters for the 40.63, 40.65, and LTDI programs. Table 1.2 shows the total number of active claimants at the end of each quarter by program. The number of active LTDI claimants continues to decline due to the closure of the program to new claims in January 2018.

Compared to the first quarter of 2023, disability annuity (40.63) benefit payments have decreased by 5.9%, duty disability (40.65) totals increased by 6.5%, and LTDI benefit payment totals decreased by 8.8%. As noted in Table 1.2, the number of claimants for 40.63 increased slightly for the same time period, while the number of active 40.65 claimants decreased slightly. Other factors that impact benefit payments include claim turnover, increases in average salary for new claims, and offset adjustments.

Table 1.1. Disability Benefit Payment Totals (40.63, 40.65, and LTDI)

Program	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q1-2024
40.63	46,789,886	43,933,766	43,763,734	44,066,731	44,020,768
40.65	9,754,728	10,058,364	10,284,044	10,158,731	10,388,895
LTDI	7,705,144	7,611,663	7,381,854	7,177,821	7,028,661

At the beginning of 2024, there were 6,464 disability annuitants, 1,000 claimants receiving duty disability, and 1,349 claimants receiving LTDI benefits. Table 1.2 shows the number of active claimants receiving 40.63, 40.65, and LTDI benefits at the end of the first quarter of 2024, as well as the prior four quarters.

Table 1.2. 40.63, 40.65, and LTDI Active Claimants at the End of the Last Four Quarters

Program	Q1-2023	Q2-2023	Q3-2023	Q4-2023	Q1-2024
40.63	6,422	6,424	6,429	6,464	6,431
40.65	1,007	1,005	1,012	1,000	1,001
LTDI	1,481	1,446	1,381	1,349	1,329

§ 40.63 Disability Annuity

Table 1.3 shows the number of 40.63 disability annuity estimates requested and completed in the first quarters of 2023 and 2024.

The number of estimates requested decreased by 2.9%, compared to the first quarter of 2023, and the number of estimates completed increased by 31.3% compared to the same period in 2023.

Table 1.3. 40.63 Estimates Requested and Completed 2023-2024

	Jan	Feb	Mar	Q1
2024 Disability Annuity Estimates Requested	33	50	50	133
2023 Disability Annuity Estimates Requested	41	43	53	137
2024 Disability Annuity Estimates Completed	67	50	51	168
2023 Disability Annuity Estimates Completed	39	37	52	128

The number of 40.63 disability annuity applications received in the first quarter of 2024 (61) is greater than the number received in the first quarter of 2023 (53), an increase of 15.1% from last year.

§ 40.63 Benefit Determinations

There were 14 Teachers Retirement (TR) Board disability annuity claim determinations in the first quarter of 2024. 13 claims were approved, and one was canceled. By comparison, there were 10 claim determinations for the same period in 2023, of which 8 were approved, one was canceled, and one was deemed approved. This represents an increase of 40.0% in TR claim determinations from the same period in 2023.

There were 39 Wisconsin Retirement (WR) Board disability annuity claim determinations in the first quarter of 2024. 33 applications were approved, four were canceled, and two were denied. The number of claim determinations in the first quarter of 2024 represents a 27.8% decrease from the 54 WR Board disability annuity claim determinations in the same period in 2023.

Tables 1.4 and 1.5 show the breakdown of disability annuity claim determinations by age. This quarter, the number of TR Board claims are concentrated around the ages of 51-65, while the WR Board claims are concentrated around the ages of 56-65.

Table 1.4. TR Board Claim Determinations by Age

Age	Jan	Feb	Mar	Q1-2024	Q1-2023
31-35	1	1	0	2	1
36-40	0	0	0	0	0
41-45	1	0	2	3	1
46-50	0	1	0	1	1
51-55	2	0	1	3	3
56-60	1	0	1	2	4
61-65	2	1	0	3	0
TOTAL	7	3	4	14	10

Table 1.5. WR Board Claim Determinations by Age

Age	Jan	Feb	Mar	Q1-2024	Q1-2023
31-35	0	0	0	0	2
36-40	0	0	0	0	3
41-45	0	1	1	2	3
46-50	2	3	2	7	10
51-55	3	3	2	8	19
56-60	5	2	5	12	7
61-65	3	1	6	10	10
TOTAL	13	10	16	39	54

Tables 1.6 and 1.7 show the breakdown of first quarter 2024 disability annuity claim determinations by disability type. TR Board claim disability types consisted primarily of cancer (35.7%), mental illness (28.6%), and multiple medical problems (28.6%). WR Board claims consisted primarily of cancer (25.6%), multiple medical problems (23.1%), and neurology (15.4%).

Table 1.6 TR Board Disability Annuity Claim Determinations by Disability Type

Disability Type	Jan	Feb	Mar	Q1-2024	Q1-2023
Cancer	1	3	1	5	2
Gastro/Intestinal	0	0	0	0	1
Mental Illness	3	0	1	4	1
Multiple Medical Problems	3	0	1	4	2
Multiple Sclerosis	0	0	0	0	0
Neurology	0	0	0	0	3
Orthopedic	0	0	1	1	1
TOTAL	7	3	4	14	10

Table 1.7 WR Board Disability Annuity Claim Determinations by Disability Type

Disability Type	Jan	Feb	Mar	Q1-2024	Q1-2023
Brain Injury	0	0	1	1	1
Cancer	3	3	4	10	9
Cardiovascular	0	0	0	0	2
Eye Disorder	0	0	0	0	0
Gastro/Intestinal	0	0	0	0	1
Hearing Disorders	1	0	0	1	0
Mental Illness	2	2	0	4	3
Multiple Medical Problems	2	3	4	9	14
Multiple Sclerosis	0	0	1	1	0
Muscle/Tissue	1	0	2	3	0
Nephrology	0	0	0	0	2
Neurology	3	1	2	6	7
Orthopedic	1	1	2	4	13
Other	0	0	0	0	0
Respiratory	0	0	0	0	1
Unknown	0	0	0	0	1
TOTAL	13	10	16	39	54

§ 40.63 Benefits Started

There were 13 TR Board disability annuities started in the first quarter of 2024. Eight of these (62%) were for female claimants, and five (38%) were for male claimants. In the first quarter of 2023, there were nine disability annuities started, 78% for female claimants and 22% for male claimants.

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

Table 1.8. TR Board Disability Annuities Started by Option Selected

Option	Jan	Feb	Mar	Q1-2024	Q1-2023
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	2	1	2	5	5
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	0	0	0	0	0
Life Annuity with 180 Payments Guaranteed	2	2	0	4	2
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	1
100% Continued to Named Survivor (Joint Survivor)	0	1	1	2	1
75% Continued to Annuitant or Named Survivor (Joint Survivor) Upon Death of Either	0	0	0	0	0
TOTAL	6	4	3	13	9

There were 23 WR Board disability annuities started in the first quarter of 2024, compared to 30 disability annuities started in the same period in 2023. Disability annuities in this quarter were made up of seven female annuitants (30%) and 16 male annuitants (70%). In the first quarter of 2023, new disability annuities were split between 10 female (33%) and 20 male (67%) annuitants.

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

Table 1.9. WR Board Disability Annuities Started by Option Selected

Option	Jan	Feb	Mar	Q1-2024	Q1-2023
100% Continued to Named Survivor (Joint Survivor) with 180 Payments Guaranteed	6	1	2	9	15
Life Annuity with 60 Payments Guaranteed For Annuitant's Life Only	0	0	0	0	2
Life Annuity with 180 Payments Guaranteed	4	3	2	9	6
75% Continued to Named Survivor (Joint Survivor)	0	0	0	0	0
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	2	0	0	2	1
TOTAL	12	5	6	23	30

§ 40.65 Duty Disability

In the first quarter of 2024, three duty disability claims were approved, and three were denied.

Duty disability benefits were started for five claimants in the first quarter of 2024, compared with two claims started in the same period in 2023. Table 1.10 shows the breakdown of first quarter 2024 duty disability claims by disability type. One of the claims started in the first quarter of 2024 was approved under the heart and lung presumptive statute and one under the cancer presumptive statute. Two duty disability death benefits were started during this period.

Table 1.10 Duty Disability Benefits Started by Disability Type

Disability Type	Jan	Feb	Mar	Q1-2024	Q1-2023
Cancer	1	0	0	1	0
Cardiovascular	0	0	1	1	0
Musculoskeletal	0	1	0	1	2
Neurological	0	0	1	1	0
Respiratory	0	0	1	1	0
TOTAL	1	1	3	5	2

LTDI

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

51 claims were closed in the first quarter of 2024, including three deaths and five claims that were closed because the recipients did not submit the required earnings information. The remaining claim closures were due to claimants reaching the maximum duration of their benefits, usually when they reach age 65.

31 claims are expected to reach their maximum duration dates and be closed during the second quarter of 2024. Assuming all claims remain open until the date of their maximum duration, the number of open claims in 10 years will total 390, and in 20 years there will be 30 open LTDI claims. The final LTDI claim is scheduled to reach its maximum duration of benefits on Nov. 30, 2052, but could terminate prior to that date (e.g., death of claimant, failure to submit required documentation, exceeding earnings limit twice).