

Income Continuation Insurance Administration Manual State



Wisconsin Department of Employee Trust Funds
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100 Introduction

The Income Continuation Insurance (ICI) Program is authorized by Wis. Stat. §§ 40.61 and 40.62, and is administered according to the plan provisions between the Group Insurance Board and the program's third-party administrator. The ICI plan provides replacement income during periods of short-term disability as well as those lasting for extended periods. The ICI plan is self-insured—financed by employer and employee premium contributions—and is available to all state employees participating in the Wisconsin Retirement System. Premiums are deposited in an employee trust fund rather than paid to an insurance company. The third-party administrator is retained to perform the administrative services associated with processing, paying and managing program benefits.

101 Program Features

The ICI premium is computed as a percentage of WRS covered earnings. For most state employees, the state will contribute a portion or pay the total premium for those employees who accumulate sufficient sick leave. Because the percentage of premium contributed by the state increases according to the amount of sick leave accumulated, prudent use of sick leave generally will mean lower premiums for state employees.

University of Wisconsin faculty and academic staff who have one year of state creditable service receive 100% state paid premium contribution based on election of a 180-calendar day elimination period. Faculty desiring a shorter elimination period are required to pay the necessary additional premium. The employee pays the full premium for Supplemental ICI coverage; there is no state share. The percentage of premium paid by the state as a fringe benefit determines the taxable percentage of benefits received.

Benefits of Standard ICI coverage are based on 75% of an insured employee's gross basic earnings, up to a benefit maximum of \$4,000 per month (75% of \$64,000 in annual earnings). In addition, employees with annual earnings exceeding \$64,000 may elect Supplemental ICI coverage, which provides for a benefit on up to \$120,000 of the earnings for a maximum benefit of \$7,500 per month (75% of \$120,000 in annual earnings). Disabilities of more than one-year's duration have a supplement of \$75 per month added to the normal benefit amount. This is a one-time supplement; no further increases will apply.

In the event of a physical or mental disability, the ICI plan provides up to 75% of the employee's gross basic earnings. Although the maximum amount available under the program is 75%, the sources of payment may vary according to the employee's eligibility for benefits from other programs. Benefits under the program will not duplicate benefits available from programs such as WRS retirement (regular or disability retirement and lump sum payments), Long-Term Disability Insurance (closed to new claims as of January 1, 2018), Social Security, Worker's Compensation, Unemployment Compensation, Duty Disability, etc. Rather, benefits under the ICI Program supplement the other programs to provide a specified level of disability income. (Refer to subchapter 708 for more information on offsets.)

ICI benefits are paid monthly with checks dated the first of the month for the preceding month's benefit period. For example, benefits for January's benefit period are paid February 1. Generally, benefit payments begin after serving the elimination period or exhausting the sick leave credits, whichever is later, and continue for the length of the disability if all ICI plan requirements are met. Benefit payments normally cease at age 65.

102 Administration

The Department of Employee Trust Funds has contracted with Aetna Life Insurance Company (Aetna) for administrative services including application processing, claims adjudication, case management, rehabilitation/training and benefit check processing.

The procedures and provisions governing enrollment, premiums and coverage are addressed in Wis. Stat. §§ 40.02 (25)(a), 40.02 (28), 40.05 (5), 40.61, and 40.62; Wis. Admin. Code ETF 50.10; and the ICI plan language.

103 Division of Responsibilities

Administrative responsibilities are divided as follows:

Group Insurance Board

- Develop benefit provisions.
- Develop bidding specifications.
- Select an administrator to perform claims payment function.

Department of Employee Trust Funds

- Collect premiums from employers.
- Interpret ICI plan language, applicable statutes and administrative code.
- Develop informational brochures for employees.
- Develop reporting forms and instructions.
- Develop and maintain an employer administration manual.
- Provide ombudsperson services for claimants with unresolved questions or problems with the third-party administrator.

Third Party Administrator (Aetna)

- Process enrollment applications.
- Adjudicate claims by determining the extent of disability. Coordinate benefits and rehabilitation.
- Investigate claims.
- Issue claim payments.
- Perform medical underwriting for employees who apply for coverage through Evidence of Insurability.

Participating Employer

- Designate a payroll/personnel/benefits representative knowledgeable about general ICI plan provisions to serve as an ETF/third party administrator contact.
- Inform new employees on or before the date of hire as to eligibility, benefits, cost, enrollment procedure and effective date of coverage.
- Provide new employees with an [Income Continuation Insurance Application \(ET-2307\)](#), [Income Continuation Insurance Brochure \(ET-2106\)](#) and/or [an Evidence of Insurability Application \(ET-2308\)](#), as applicable.
- Secure, audit and maintain completed applications and arrange for employee payment of premiums.
- Submit applications to ETF in a timely manner.
- Respond timely to third party administrator inquiries.
- Prepare and submit monthly premium report and premiums to ETF.
- Refer questions appropriately. (Refer to subchapter 104 for further information.)
- Prepare [Income Continuation Insurance Employer Statement \(ET-5351\)](#) and [Income Continuation Insurance Report of Employment and Earnings \(ET-5901\)](#)

104 Administrative Offices and Contacts

(Between 7:45 a.m. and 4:30 p.m. Central Time, except holidays)

Subject	Contact
Eligibility, Enrollment or Coverage and Suggestions for this Manual	ETF's Employer Services Section (ESS) 608-266-3285, option 2, or toll free 1-877-533-5020, option 2, or by email at mailto:etfhealthandins@etf.wi.gov .
Claims, Benefits, Customer Service, Payments, Complaints	Aetna toll free 1-800-960-0052 Aetna PO Box 14560 Lexington, KY 40512-4560 icilti@aetna.com To expedite the email request, please use the following subject lines: ICI – Customer Service Issue ICI – Payment Information ICI – Pending Claim ICI – Overpayment ICI – Other ICI – Ombudsperson/Complaint Escalation

105 Complaint Resolution

The third party administrator is required to have a complaint procedure for the resolution of claimant problems. The claimant (or employer on the claimant's behalf, if necessary) should contact the third party administrator's customer service area for problem resolution. The claimant should ask to speak with their claim manager. In the event the claim manager is unable to resolve the problem or is unavailable, the claimant should ask for the third party administrator's ombudsperson. The ombudsperson will work with the claimant to resolve the complaint. (Refer to subchapter 104 for third party administrator contact information.)

106 ETF Ombudsperson Services

ETF offers ombudsperson services to assist claimants who remain dissatisfied after first contacting the third party administrator regarding a problem or complaint. Employers should direct employees in this situation to telephone or write ETF's ombudsperson at:

Local (Madison): 608-266-3285

Toll Free: 1-877-533-5020

Department of Employee Trust Funds

P O Box 7931

Madison WI 53707-7931

ETF ombudspersons advocate for claimants and attempt to resolve complaints and problems on their behalf. If unsuccessful, the ombudsperson will advise the claimant of subsequent avenues of appeal. Complaints should be made in writing, using the [Insurance Complaint \(ET-2405\) form](#) whenever possible.

Additional information regarding ETF ombudsperson services, can be found on ETF's Web site (etf.wi.gov/) under the "Members" tab at the top of the page. Then click on "Ombudsperson Services."

Note: If the complaint pertains to a benefit determination, the claimant should complete at least the first level of the administrative review process prior to requesting assistance from the ETF ombudsperson. (Refer to subchapter 802 for information on administrative review.)

107 Confidentiality of Records

Medical information received by ETF or the third party administrator is strictly confidential and may *only* be released pursuant to Wis. Stat. § 40.07 (2), which reads, in part:

Medical records may be disclosed by the department only under any of the following circumstances:

- (a) When a disability application or health insurance claim denial is appealed.
- (b) Under a court order, or order of a hearing examiner, that is duly obtained upon prior notice to the department and a showing to the court or administrative tribunal that the information is relevant to a pending court or administrative action.
- (c) Upon a written authorization that specifically identifies the medical records that may be disclosed, but only to the person who is the subject of the medical records or to the person's designee, except that this paragraph shall not apply to any medical records to which the person's access is otherwise prohibited by law.

Under normal circumstances, medical records cannot be released to the employee, employer or an attorney. Contacting the third party administrator on behalf of the employee requires the employee to complete and submit an [Authorization to Disclose Non-Medical Personal Information \(ET-7406\)](#) to ETF. This form authorizes specific individuals or entities to receive the employee's non-medical information from ETF or the third party administrator.

108 Ordering Income Continuation Insurance Forms

In order to obtain [Income Continuation Insurance \(ICI\) forms](#), print out the desired form or brochure. Alternatively, the employer may contact ETF.

Employers may also use [the electronic order form](#) to request copies of ICI forms.

ICI Plan Language is located [here](#).

109 Internet Address—etf.wi.gov

ETF's Web site provides an overview of ICI and detailed information including:

- [State Employee Income Continuation Insurance \(ET-2106\) brochure](#)
- [Income Continuation Insurance Report of Employment and Earnings \(ET-5901\)](#)
- [Income Continuation Insurance Monthly Premium Report – State \(ET-1611\)](#)
- [Income Continuation Insurance Employer Statement \(ET-5351\)](#)

Chapter 2—Eligibility Criteria

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200 Newly Hired Employee Eligibility Criteria

All employees, including part-time, limited-term (LTE), seasonal and non-represented employees, are eligible for—and **must** be offered—Income Continuation Insurance (ICI) coverage, provided they:

- are participating in the Wisconsin Retirement System
- are under age 70 on the coverage effective date
- receive earnings for services rendered for the state
- are a blind employee of WISCRAFT

Note: Excluded from ICI coverage are employees who do not participate in the WRS such as LTEs who do not work sufficient hours to qualify, student employees, and employees in training (e.g., UW graduate assistants, etc.).

201 Initial Enrollment Period and Coverage Effective Date

An eligible state employee can become insured for standard and supplemental ICI coverage by filing an [Income Continuation Insurance Application \(ET-2307\)](#) with their employing agency's payroll/personnel office within 30 calendar days of first becoming eligible for ICI. Coverage shall be effective the first day of the calendar month that first occurs during the 30-day enrollment period. After the 30-day enrollment period, employees desiring coverage must apply through evidence of insurability or through deferred coverage provisions.

Employees with More than One WRS-Covered Position

Employees of more than one WRS employer, or employees who are eligible for coverage under different ICI plans with different elimination periods, must file a separate application for each position held.

The following chart gives a few examples of hire dates, application due dates and effective dates for WRS eligible employees.

Hire (WRS Eligibility) Date	ICI Application Due Date	Effective Date of Coverage
01/05	02/04	02/01
06/01	07/01	06/01
08/01	08/31	08/01
11/15	12/15	12/01

202 WRS Previous Service Check

ETF provides two methods for employers to use in determining whether an employee has previous WRS service:

- a. Access the *Previous Service Benefit Inquiry* application on the [Online Network for Employers](#) site.

Note: This is a password-protected site. To obtain access, refer to Chapter 8 of the [Wisconsin Retirement System Administration Manual \(ET-1127\)](#).

- b. Call the Employer Services Section at toll-free 1-877-533-5020 or 608-266-3285 and request a previous service check.

UW Faculty and Academic Staff:

One year of WRS service with the **state** is required before the employer share toward the ICI premium begins for UW faculty and academic staff. Employers **must** complete a WRS previous service check when an employee is hired to determine whether they have any previous state service. (Refer to subchapter 202a above.)

If previous WRS service exists, refer to subchapter 204 for eligibility information on rehired/returning employees.

203 Transfers between State Agencies

If an insured employee transfers employment from one state agency to another state agency **under a different payroll center**, an application must be submitted to the new agency within 30 days of the transfer to prevent coverage from lapsing.

Examples of transfers between different payroll centers:

- Transferring from UW Hospital (a non-STAR agency) to Dept. of Revenue (a STAR agency), or vice versa
- Transferring between UW Hospital and the UW System

Upon transfer to a position under a different payroll center, a new estimate of earnings for the ensuing 12 months should be used for premium purposes.

Transfers **do not** create a new ICI enrollment opportunity for employees who were uninsured at their previous agency, with the exception of employees moving into a UW Faculty or Academic Staff position. (Refer to subchapter 207.)

204 Rehired/Returning Employee Eligibility

The following charts depict situations in which employees are either rehired or returning from an unpaid leave, and indicate whether or not they are ICI eligible. If not immediately eligible to apply, employees may apply through “Evidence of Insurability” (EOI) or at any time they become eligible under “Deferred Coverage.” (Refer to subchapter 302 for information on EOI and Deferred Coverage.)

- Chart I represents previously eligible, but **uninsured** employees.
- Chart II represents previously **insured** employees.

Chart I			
ICI Eligibility for <i>Previously Eligible But Uninsured</i> Rehired/Returning Employees			
Situation		ICI Eligible?	Effective Date
1.	Goes on LOA and returns to covered employment with the same employer	No (must apply through Evidence of Insurability (EOI) or when eligible under deferred coverage)	N/A
2.	Goes on military leave and returns to the same employer	No (must apply through EOI or when eligible under deferred coverage)	N/A
3.	Terminates, takes a separation benefit (withdraws available WRS contributions) from WRS and returns to covered employment	Yes (must submit application within 30 days of rehire)	1 st of the month that first occurs during the 30-day enrollment period.
4.	Terminates, leaves WRS contributions in system and returns to covered employment within 30 days	No (must apply through EOI or when eligible under deferred coverage)	N/A
5.	Terminates, leaves WRS contributions in system and returns to covered employment after 30 days	Yes (must submit application within 30 days of rehire)	1 st of the month that first occurs during the 30-day enrollment period.

Chart II				
ICI Eligibility for <i>Previously Insured</i> Rehired/Returning Employees				
	Situation	ICI Eligible?	Effective Date	Can Elimination Period Be Shortened? (Applies only to UJW Faculty/Academic Staff)
1.	Goes on LOA, allows coverage to lapse, and returns to covered employment with the same employer	Yes*	1 st of the month that first occurs during the 30-day enrollment period.	No (must request through Evidence of Insurability (EOI))
2.	Goes on military leave allows coverage to lapse, and returns to the same employer	Yes*	1 st of the month that first occurs during the 30-day enrollment period.	No (must request through EOI)
3.	Terminates, takes a separation benefit (withdraws available contributions) from WRS and returns to covered employment	Yes*	1 st of the month that first occurs during the 30-day enrollment period.	Yes
4.	Terminates, leaves WRS contributions in system and returns to covered employment within 30 days	Yes* (since coverage was in effect at time of termination)	1 st of the month that first occurs during the 30-day enrollment period.	No (must request through EOI)
5.	Terminates, leaves WRS contributions in system and returns to covered employment after 30 days	Yes*	1 st of the month that first occurs during the 30-day enrollment period.	Yes

* Must submit application within 30 days of return to work or rehire.

205 Leaves of Absence (LOA)

LOA for employee currently covered under ICI:

ICI-covered employees who take a LOA may continue ICI coverage during the approved LOA. The first three months of authorized leave qualify for the employer contribution. Beyond three months the employee is responsible for the full premium. Premium payments must be received by the employer prior to the end of coverage so there is no lapse in coverage. The maximum time ICI coverage may be continued is 36 months, except for insured employees on union service leave, as defined under Wis. Stat. § 40.02 (56), or on military leave, who may continue to be insured for the duration of the leave.

ICI-covered employees on LOA who allow coverage to lapse may reinstate their previous coverage by filing an ICI enrollment application with the employer no later than 30 days after their return to work. The employee is not required to file for coverage under evidence of insurability as long as their application is filed timely.

Coverage will be effective the first day of the month that first occurs during the 30-day enrollment period. Premiums resume in the same amount as before the LOA, unless an annual premium or salary adjustment has occurred in the interim.

Note: Per Wis. Stat. § 40.02 (40), a LOA is not considered to have ended unless the employee resumes active performance of duty for 30 consecutive calendar days for at least 50% of what is considered that employee's normal work schedule.

If an employee returns to work and completes an application for ICI benefits, but then does not work enough for his or her LOA to be considered ended, they would not be eligible to re-enroll for ICI until such time that their LOA is considered ended.

206 Change to LTE, Project or Other Employment Status

An insured employee who changes employment status and remains eligible for WRS can continue coverage under the ICI Program. When an insured employee changes percentage of appointment, a new estimated salary for the ensuing 12 months must be calculated, and premiums must be adjusted accordingly.

207 Change to or from UW Faculty/Academic Staff Positions

When an employee has a change in employment that results in a switch from a state position to a UW faculty or academic staff position, or vice versa, ICI eligibility and enrollment options may be affected. The following four scenarios provide additional information:

1. Classified to UW faculty/academic staff (Previously Insured)
 - a. ICI coverage can be continued, and
 - b. The employee must file a new application within 30 days of becoming UW faculty/academic staff and select an elimination period of 30, 90, 125 or 180 calendar days.

2. Classified to UW faculty/academic staff (Previously Uninsured)
 - a. The employee is eligible to enroll immediately if previously employed at least one year in **state** service, **and**
 - b. The employee selects an elimination period that provides an increase in state contribution from what the person could have obtained in the previous employment. In this case, obtain the sick leave record from the previous employment to determine the corresponding UW faculty/academic staff elimination period for which the employee is eligible to apply.

1) Classified Employees:

<u>Premium Category</u>	<u>Approximate Percent of Gross Premium Paid by the State</u>
1	0%
2	0%
3	67%
4	77%
5	85%
6	100%

2) UW Faculty/Academic Staff Only:

<u>Selected Elimination Period</u>	<u>Percent of Gross Premium Paid by the State*</u>
30 calendar days	37%
90 calendar days	69%
125 calendar days	75%
180 calendar days	100%

*For faculty with one year or more of state service

The amount of sick leave accumulated by an *uninsured* classified employee will determine which elimination period the employee is eligible for as UW faculty/academic staff as represented in the following chart:

Sick Leave Accumulation	Elimination Period for Which Eligible
Has not accumulated 10 days* in a previous year (i.e., previously eligible for Premium Category 1 or 2.)	30, 90, 125 or 180 calendar days; evidence of insurability is not required
Has accumulated 10 days* in any previous year (i.e., previously eligible for Premium Category 3.)	90, 125, or 180 calendar days; evidence of insurability is not required
Has accumulated 65 days (520 hours) total at the end of any previous year (i.e., previously eligible for Premium Category 4.)	180 calendar days; evidence of insurability is not required
Has accumulated 91 days (728 hours) total at the end of any previous year (i.e., previously eligible for Premium Category 5.)	180 calendar days; evidence of insurability is not required
Has accumulated over 130 days (1040 hours) total at the end of any previous year (i.e., previously eligible for Premium Category 6.)	Evidence of Insurability is required for immediate enrollment outside of the annual deferred coverage enrollment period (see "c." below.)

* One (1) day equals 8 hours of sick leave for a full-time employee; hours are prorated based on percentage of appointment for part-time employees.

- c. The employee is eligible for deferred coverage at the end of any calendar year in which accumulated sick leave exceeds 130 days (1040 hours). An *Income Continuation Insurance Application* (ET-2307) is due by March 1.
3. UW faculty/academic staff to Classified (Previously Insured)
 - a. ICI coverage can be continued, and
 - b. The employee must file a new application within 30 days of transfer to their new position to continue coverage.
 - c. The premium category (1-6) will depend on the amount of sick leave the employee has accumulated.
4. UW faculty/academic staff to Classified (Previously Uninsured).
 - a. Evidence of Insurability is required unless the employee is eligible for deferred coverage during an annual open enrollment period.
 - b. The classified employee is eligible for deferred coverage at the end of any calendar year in which:
 - 1) The full-time employee accumulates 80 hours of sick leave (i.e., premium category 3) (prorated for less than full-time) in a calendar year for the first time as a classified employee, or
 - 2) The employee's sick leave falls within premium category 4 or 5 for the first time as a classified employee, or
 - 3) The employee's sick leave balance is more than 1040 hours, making them eligible for premium category 6.

An *Income Continuation Insurance Application* for deferred coverage is due by March 1, with coverage effective April 1.

208 Reinstatement Due to Compromise Agreement

Some employee/employer disputes are the result of discharge from employment. ICI coverage immediately terminates on the date of discharge; ICI coverage cannot be continued during a process of appeal or arbitration. Should resolution of the dispute result in reinstatement;

- The employee may reenroll, but only for the same coverage (standard or standard/supplemental) that was in effect on the date of the disputed termination. The premium category would remain the same as the category the employee was in prior to their discharge. UW faculty/academic staff may elect a longer elimination period.
- A completed application must be filed with the employer no later than 30 days after the return to active employment.
- The effective date of the insurance is determined as if the employee were rehired on the date of the reinstatement. Coverage becomes effective the first day of the month that first occurs during the 30-day enrollment period.

Chapter 3—Enrollment and Application

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- 305 Application Due Date and Effective Date of Coverage (Table)
- 306 Distribution of Copies
- 307 Instructions for Completing the *Evidence of Insurability Application* (ET-2308)

300 Applying for Income Continuation Insurance—New Employee

The Income Continuation Insurance (ICI) Program is available to all eligible state employees. On an employee's first day of WRS-covered employment, the employer must provide them with an [Income Continuation Insurance \(ET-2106\) brochure](#), which explains the ICI Program, along with an [Income Continuation Insurance Application \(ET-2307\)](#). The employee **must** complete the employee information area of the application and return it to the employer regardless of whether electing or declining coverage. The employer must complete the relevant employer information on all applications and submit the completed applications to the Department of Employee Trust Funds. (Refer to the application for address information.)

301 Two Levels of Coverage

The ICI Program is available to all eligible state employees and provides replacement income during periods of short-term disability as well as those lasting for extended periods. The ICI Program has two levels of coverage:

Standard ICI coverage:

- is available to all eligible state employees.
- provides coverage on the employee's annual earnings up to \$64,000.
- has a maximum monthly benefit of \$4,000.
- provides state contribution toward premium for state employees with specified sick leave balances.
- provides state contribution toward premium for UW faculty and academic staff after 12 months state service.

Supplemental ICI coverage:

- is available to all employees who have annual earnings greater than \$64,000.
- requires enrollment in standard ICI.
- provides coverage on the employee's annual earnings up to \$120,000.

- has a maximum monthly benefit of \$7,500, in conjunction with standard coverage.
- requires the employee to pay the entire premium.
- permits enrollment annually without providing evidence of insurability.

Note: Earnings for the determination of premium amounts is discussed in Chapter 4.

302 Three Enrollment Opportunities

There are three opportunities for an eligible state employee to enroll in the ICI Program:

1. Initial Enrollment Period

An eligible state employee as defined in Chapter 2, may enroll in standard and supplemental ICI without evidence of insurability by submitting a completed an [Income Continuation Insurance Application \(ET-2307\)](#) to the employing state agency within 30 days of the date the employee's WRS participation began (normally the same as the employee's hire date).

Employees with annual earnings of \$64,000 or less are limited to standard ICI. Enrollment in supplemental ICI is optional for employees with annual earnings greater than \$64,000, and may occur during the employee's initial enrollment period or on an annual basis during the Supplemental Open Enrollment period, which is concurrent with the annual deferred enrollment period. Supplemental ICI enrollment requires enrollment in standard ICI.

An eligible employee with more than one employer, or one who falls under different ICI plans with different elimination periods, must file a separate application for each position held. (Refer to chart in subchapter 201.)

2. Deferred Coverage

Each year, beginning in January, there is a "deferred coverage" enrollment period. At this time, eligible employees who declined to enroll during their initial enrollment period have the opportunity to apply for ICI coverage without submitting evidence of insurability. Eligibility requirements for deferred coverage are described below:

State Employees—eligible for deferred coverage any time they become eligible for state premium contribution, or an increase in state premium contribution, by accumulating specified levels of sick leave **for the first time**. State contribution toward the premium is first available when an employee's accumulated sick leave falls within premium category 3. As the employee accumulates additional sick leave, they become eligible for an increase in state share in categories 4, 5 and 6. (Refer to Chapter 4 for information on premium categories.)

The employee's sick leave accumulation at the end of the last complete payroll period in any calendar year must be such that it is the **first time** their sick leave balance is high enough to make them eligible for a specific premium category. The only exception to this is when a state employee accumulates sick leave in excess of 1040 hours at the end of **any** calendar year; they qualify for deferred enrollment. An employee who becomes eligible for deferred coverage must complete an *Income Continuation Insurance Application*. The application must be received, signed and dated by the state agency on or before March 1*, with coverage effective April 1. (Refer to subchapter 404 for additional information on deferred enrollment during the annual review period.)

UW Faculty/Academic Staff—eligible for deferred coverage at the time they become eligible for state premium contributions, or when their accumulated sick leave exceeds 1040 hours at the end of **any** calendar year.

The state premium contribution for UW faculty and academic staff is effective following completion of one year of state WRS creditable service.

For UW faculty and academic staff applying upon eligibility for state share of premium, an *Income Continuation Insurance Application* must be signed and dated, and returned to the UW payroll/personnel office within 60 days from the date the employee completed the one year state WRS service requirement. Coverage is effective the first of the month that first occurs during the 60-day elimination period.

Example: A UW faculty employee with no previous state service, who is hired September 1, must submit an application within 60 days after August 31 of the following year.

It is recommended, if applying through the one year state service deferred coverage provision, that UW faculty and academic staff complete the *Income Continuation Insurance Application* at the onset of UW employment and indicate on the application that they desire coverage to be effective when the state contributes toward the premium.

For UW faculty and academic staff applying upon accumulation of 1040 hours of sick leave, a completed *Income Continuation Insurance Application* must be received, signed and dated by the UW on or before March 1*, with coverage becoming effective April 1.

* Plan language states that “deferred coverage” applications are due within 60 days of becoming eligible, which is March 1, except during leap years. However, for the sake of consistency, March 1 will also be the due date in leap years.

3. Evidence of Insurability

An eligible employee who fails to apply for ICI coverage during their initial enrollment period or during a deferred enrollment period, may apply for coverage by completing the [Evidence of Insurability Application \(ET-2308\)](#). The *Evidence of Insurability Application* is also required for insured UW faculty and academic staff wishing to select a shorter elimination period.

Eligible employees (actively employed and not on leave of absence or layoff) may apply at any time prior to age 70 by completing the application and forwarding it directly to ETF. An application received by ETF more than 30 days after its completion date (i.e., the date the application is signed) will be rejected and the employee will be required to complete a new application.

The *Evidence of Insurability Application* requires that the employee submit medical proof of insurability. The plan’s third party administrator will review the application.

Note: Any costs incurred for exams, tests or procedures conducted to prove eligibility are the responsibility of the employee.

Employers receive notice from the third party administrator of the approval or denial of the *Evidence of Insurability Application*, which should be retained for their records.

Employees have the right to submit a written request to the third party administrator for reconsideration if the *Evidence of Insurability Application* is denied. The third party administrator must receive the written request within 90 days of the date of denial. Should the reconsideration also result in denial, the employee has the right to request that ETF do a subsequent review of the denial and render a Departmental Determination. The ETF reconsideration request must be made within 90 days of the third party administrator's reconsideration denial. In the event the Departmental Determination upholds the denial, the employee may not file a new application until a period of one calendar year elapses from the date of the initial application denial.

(Refer to subchapter 307 for instructions on completing the *Evidence of Insurability Application*.)

303 Employee Completion of the *ICI Application* (ET-2307)

- The employee **must** complete the *Income Continuation Insurance Application* and return the application to the employer no later than 30 days following their initial eligibility date. A completed application from the employee is required whether enrolling in coverage or declining coverage.
- An employee who is employed with more than one state employer must file a separate ICI application with each employer if the employers have different payroll centers.
- Employees will be required to complete and file a new application if coverage was denied due to employer error. (Refer to Chapter 10 for information on employer error).

Employee Section 1—Standard ICI Coverage

- a. Check the box indicating the election of standard ICI coverage, the choice not to elect coverage, or the desire to cancel coverage.
- b. Employees electing standard ICI coverage whose annual earnings exceed \$64,000 should proceed to section 2. Employees with earnings of \$64,000 or less should proceed to section 3.
- c. Employees not electing standard ICI coverage or canceling coverage should proceed to section 4. (**Note:** Canceling standard ICI coverage automatically cancels any existing supplemental coverage.)

Employee Section 2—Supplemental ICI Coverage

- a. Available to employees whose annual earnings exceed \$64,000 and who are enrolled in, or initially applying for, standard ICI coverage.
- b. Check the appropriate box indicating the election of, the choice not to elect, or the desire to cancel supplemental ICI coverage.
Note: Checking the box indicating a cancellation of supplemental coverage is appropriate for those employees wishing to cancel supplemental ICI coverage but maintain standard ICI coverage for their earnings up to \$64,000.
- c. Employees electing supplemental ICI coverage as part of their initial enrollment in ICI coverage should proceed to section 3. Employees electing supplemental ICI coverage who already have standard ICI coverage should proceed to section 4.
- d. Employees not electing supplemental ICI coverage or canceling coverage should

proceed to section 4.

Employee Section 3—Questions applicable to employment status

- a. *State Employees and UW Faculty/Academic Staff.*
Indicate the most recent previous state agency at which the applicant was employed, if any, and the dates of employment. If none, indicate NA.
- b. *UW Faculty/Academic Staff only.*
Select an elimination period and indicate when coverage should become effective (i.e., as soon as possible, or when state contributes toward premium).

Note to UW Faculty/Academic Staff—Select an elimination period when:

- Initially applying for ICI coverage.
- Applying for a longer elimination period than previously selected.
(Evidence of Insurability is required to change to a shorter elimination period.)

UW Faculty/Academic Staff members currently enrolled in ICI who are electing supplemental ICI coverage should not complete this section unless they wish to lengthen their elimination period. In these cases the employer must check the box in the “Employer Section” indicating that the employee is changing to a longer elimination period, or the application will be returned.

Employee Section 4—Employee Signature

- a. Employee signature. (If missing, the application is invalid and will be returned for signature.)
- b. Date of signature.
- c. Employee’s daytime telephone number.
- d. Employee returns application to employer.

304 Employer Completion of the *ICI Application (ET-2307)*

The employer **must** complete the following items on the *Income Continuation Application* and forward the application to ETF. (Refer to the sample form at the end of this subchapter.)


- **Date application provided to employee**—The date the employer gave the application to the employee.
- **Date received by employee (mm/dd/ccyy)**—The date the employer received the employee’s completed application.
- **Indicate the reason** for submitting the application by checking the appropriate box and indicating the occurrence date.
 - Began WRS participation with current employer on:** Check this box for employees who are new employees. Indicate the occurrence date.
 - Reinstating coverage upon return from layoff or leave of absence.**
Date temporary layoff/LOA began: _____
Date employee returned: _____
Check this box if an employee who previously had ICI coverage takes a leave of absence, allows coverage to lapse and then returns to eligible employment. Insert the date the leave began and the date the employee returned from leave.
 - Transferred from another state agency on:** Check this box for employees transferring from another state agency and indicate the transfer date.

- Eligible through deferred coverage on:** Check this box for employees eligible through deferred coverage and indicate the coverage begin date.
 - Other (specify):** Check this box for a situation that does not fit one of the other categories listed above and list the effective date of coverage. For example:
 - Applying for supplemental ICI coverage during annual supplemental coverage open enrollment period.
 - Canceling supplemental ICI coverage only.
 - Reinstatement due to grievance/arbitration.
 - Return from military leave.
 - (UW Faculty/Academic Staff only) Changed to a longer elimination period effective on:** Check this box if the employee wants to elect a longer elimination period. An employee may change to a longer elimination period at any time. However, if an employee wants to change to a shorter elimination period, the employee must apply through evidence of insurability.
- **Previous service**—Indicate if the employee participated under WRS prior to being hired by you, whether you have completed a previous service check and the source of the check. **A previous service check must be completed for all UW Faculty/Academic Staff employees.**
- **Earnings**—Use the employee’s WRS earnings as reported in the preceding calendar year, rounded up to the next higher thousand, or, if applicable, the employee’s projected earnings for the ensuing 12 months, rounded up to the next higher thousand. (Refer to subchapter 400 for information on determining earnings for premium purposes.) Indicate whether the earnings are monthly or biweekly.
- **Basis of employment**—Check whether the employee’s basis of employment is full-time, part-time, limited term, seasonal, project, or academic year. If part-time, indicate the percentage of full-time employment.
- **ICI monthly premium**—Indicate the appropriate employee and employer premium share. (Refer to subchapters 401 and 402.)
- **Supplemental ICI Monthly Premium**—Indicate the premium. (The employee pays the entire premium for supplemental ICI coverage.) (Refer to subchapters 401 and 402.)
- **Sick Leave Information for Deferred Coverage or Reinstated/Rehired Employees**—Indicate the total accumulation of sick leave credits for the previous 2 calendar years.
- **Employer name**—Use the same name used for Social Security reporting.
- **Employer Number 69-036**—The Employer Identification Number (EIN) is a 12-digit number beginning with 69-036. Indicate the last seven digits of this number (XXXX-XXX).
- **Employer Agent Signature**—The WRS agent or designated representative must certify that the information on the application is true and correct.
- **Daytime Telephone Number**—The telephone number of the employer contact person/preparer.
- **Effective Date (MM/DD/CCYY)** —Indicate the coverage effective date, which is the first of the month that first occurs during the 30-day enrollment period. (For employees applying during the deferred coverage enrollment and supplemental coverage open enrollment periods, coverage is effective April 1st.)

For example, coverage is effective on the:

- 1st of the month for employees whose enrollment period begins on the 1st of the month.
- 1st of the *following* month for employees whose enrollment period begins on the 2nd through the 31st of the month.

Sample—[Income Continuation Insurance Application \(ET-2307\)](#)



Income Continuation Insurance Application
State Employee
Wis. Stat. § 40.61

Wisconsin Department of Employee Trust Funds
 801 W. Badger Road
 PO Box 7931
 Madison WI 53707-7931
 1-877-533-5020 (toll free)
 Fax 608-267-4549
 etf.wis.gov

Employee Information Type or print in ink. Sign and return to employer. Employer: complete page 2.

Name (first, middle, last, former/maiden) _____

Birth date (MMDDCCYY) _____ Member ID _____ Social Security number _____

Address (street) _____

City _____ State _____ ZIP code _____ Country and Mail Code (if not USA) _____ Sex Male Female

1. Income Continuation Insurance (ICI) coverage. Check one:
 I elect ICI coverage and authorize payroll deductions for premiums. *If your annual earnings exceed \$64,000.00, go to Question 2. If not, proceed to Question 3.*
 I do not elect ICI coverage. *Sign below.*
 I wish to cancel my ICI coverage. (Checking this box also cancels Supplemental ICI coverage, if in effect.) *Sign below.*

2. Supplemental ICI Coverage: Only available to employees whose annual earnings exceed \$64,000.00 and who are currently enrolled in, or are applying for, ICI coverage. *Check One:*
 I elect Supplemental ICI coverage. I understand that Supplemental ICI premiums are paid by the employee with no employer contribution. I authorize payroll deductions for Supplemental ICI premiums.
(UW Faculty/Academic Staff: If already enrolled in ICI coverage, I understand that the elimination period previously selected will be applied to Supplemental ICI coverage.)
If you elect ICI coverage in Question 1 above, go to Question 3. If you already have ICI coverage, sign below.
 I do not elect Supplemental ICI coverage. *If you elected ICI coverage in Question 1, go to Question 3. If not, sign below.*
 I wish to cancel my Supplemental ICI coverage only. *Sign below.*

3. I was most recently employed by the following state agency: _____
 From (MMDDCCYY) _____ to (MMDDCCYY) _____


UW faculty/academic staff only:
 Elect calendar day elimination period for ICI coverage (and Supplemental ICI coverage, if applicable): 30-day 90-day 125-day 180-day

I want my coverage to be effective: As soon as possible When the state contributes toward premium (*defer coverage for 12 months*)

Sign and return to employer

I understand that Wis. Stat. § 943.395 provides criminal penalties for knowingly making false or fraudulent claims on this form and hereby certify that, to the best of my knowledge and belief, the above information is true and correct. I authorize the monthly employee share premium deduction (indicated below) from my earnings to provide ICI and Supplemental ICI coverage (if selected). I understand that if premiums are not deducted, I do not have ICI coverage.

Employee signature _____ Date _____ Telephone () _____

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Application Information (To be completed by Employer)

Date application provided to employee: _____
 Date received from employee: _____

Reason to submit application—check one box and list date event occurred:
 Began WRS participation with current employer on: _____
 Reinstating coverage upon return from temporary layoff or leave of absence.
 Date temporary layoff or leave of absence began: _____ Date employee returned: _____
 Transferred from another state agency on: _____
 Eligible through deferred coverage on: _____
 Other (specify): _____

UW Faculty/Academic Staff only:
 Changed to a longer elimination period effective on: _____
 (Evidence of insurability is required to change to a shorter elimination period.)

UW Faculty/Academic Staff only:
 1. Did employee participate under WRS prior to being hired by you? Yes No
 2. Previous service check, completed? Yes No
 3. Source of previous service? ONE Site ETF

Earnings

\$ _____
 Monthly Biweekly

Basis of employment Full time Seasonal Project
 Part-time % _____ Academic LTE

ICI monthly premium Employee share: \$ _____
 Supplemental ICI monthly premium Employee share: \$ _____
 Employee share: \$ _____

Sick Leave Information for Deferred Coverage or Reinstated or Rehired Employees


Total accumulation of sick leave credits for the preceding two calendar years:

Year	Beginning balance	Sick leave earned	Sick leave used	Ending balance

Employer Information

Employer name _____ EIN 69-036- _____
 Employer agent signature _____ Telephone () _____ Effective date _____

Copy and distribute: ETF Employee Employer

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305 Application Due Date and Effective Date of Coverage (Table)

The following table provides guidelines for determining *Income Continuation Insurance Application* (ET-2307) due dates and ICI coverage effective dates for specific employment situations. (Refer to subchapters 201 and 204 for information on ICI eligibility dates.)

	Employment Situation	Application Type	Application Due Date	Coverage Effective Date
New	New state employee – no previous service.	<i>ICI Application</i> (ET-2307)	30 days following the date their WRS participation began.	First day of the month that first occurs during the 30-day enrollment period.
	Rehired, previously insured employee following 30 day break in employment with no WRS benefit taken.	<i>ICI Application</i> (ET-2307)	60 days from rehire.	First day of the month that first occurs during the 30-day enrollment period.
Rehires	Rehired WRS annuitant electing WRS coverage by submitting completed ET-2319.	<i>ICI Application</i> (ET-2307)	30 days from WRS begin date at current employer.	First day of the month that first occurs during the 30-day enrollment period.
	Previously insured employee returning from military leave during which coverage lapsed.	<i>ICI Application</i> (ET-2307)	Within 30 days of return to work from military leave.	First day of the month that first occurs during the 30-day enrollment period.
Leaves	Previously insured employee returning from LOA during which coverage lapsed.	<i>ICI Application</i> (ET-2307)	Within 30 days of return to work from LOA.	First day of the month that first occurs during the 30-day enrollment period.
	Previously uninsured employee returning from LOA.	<i>Evidence of Insurability</i> (ET-2308)	Any time but not within one year of a previous <i>Evidence of Insurability</i> application's denial.	1 st of month on or following the date the <i>Evidence of Insurability</i> application is approved.
	Insured state employee transferring to another state agency within 30 days*. <i>New application required if transferring to a position under a different payroll center. A new estimate of earnings should be used for premium purposes. (See subch. 400.)</i>	<i>ICI Application</i> (ET-2307)	Within 30 days of transfer if the new agency has a different payroll center than the employee's previous agency. (If no change in payroll centers, no new application is required.)	First day of the month that first occurs during the 30-day enrollment period. Coordinate premium payment with prior agency/payroll center to ensure continuous coverage.
Transfers	Insured UW Faculty/Academic Staff transferring to state (any non-Faculty/Academic Staff) employment*.	<i>ICI Application</i> (ET-2307)	Within 30 days of transfer.	First day of the month that first occurs during the 30-day enrollment period. Coordinate premium payment with UW to ensure continuous coverage.
	Insured state employee transferring to UW Faculty/Academic Staff*.	<i>ICI Application</i> (ET-2307)	Within 30 days of transfer.	First day of the month that first occurs during the 30-day enrollment period. Coordinate premium payment with prior agency/payroll center to ensure continuous coverage.
	<i>(See Subch. 204 for information on eligibility for UNINSURED state employees moving to a UW Faculty/Acad Staff position.)</i>			

Transfers		Employment Situation	Application Type	Application Due Date	Coverage Effective Date
UW Faculty	New UW Faculty/Academic Staff, with no previous service – no employer contribution.	<i>ICI Application</i> (ET-2307)	Within 30 days of hire.	First day of the month that first occurs during the 30-day enrollment period.	
	New UW Faculty/Academic Staff completes one year state service – eligible for employer contribution.	<i>ICI Application</i> (ET-2307)	30 days following completion of one year state service.	1 st of month which occurs on or following the employee's completion of one year of state service.	
	Deferred Coverage – UW Faculty/Academic Staff accumulates 1040 hours of sick leave.	<i>ICI Application</i> (ET-2307)	On or before March 1.	April 1.	
Miscellaneous	Previously insured employee reinstated due to arbitration.	<i>ICI Application</i> (ET-2307)	Within 30 days of reinstatement.	First day of the month that first occurs during the 30-day enrollment period.	
	Deferred Coverage – state (non-Faculty) employee becomes eligible for premium category 3 – 5 for first time, or in any year the employee has 1040 hours of accumulated sick leave.	<i>ICI Application</i> (ET-2307)	On or before March 1.	April 1.	
	Eligible employee who missed other enrollment opportunities.	<i>Evidence of Insurability</i> (ET-2308)	Any time but not within one year of a previous <i>Evidence of Insurability</i> application's denial.	1 st of month which occurs on or following approval of <i>Evidence of Insurability</i> application.	
	Currently insured, eligible employee electing Supplemental coverage.	<i>ICI Application</i> (ET-2307)	On or before March 1.	April 1.	

* If there is a break in service of 30 or more days when transferring positions, the employee is treated as a new employee.

306 Distribution of Copies

The following requirements pertain to the distribution of ICI application copies:

- Once the “Employer Section” is completed, make two photocopies of the application. Employers must retain one copy for verification purposes.
- Forward the original application to ETF, regardless of whether the employee declines, cancels or elects coverage.
- Provide the employee with the second copy for his or her records.

307 Instructions for Completing the *Evidence of Insurability Application* (ET-2308)

The *Evidence of Insurability Application* provides additional opportunities for employees under age 70 to enroll in the ICI Program if coverage was previously declined, cancelled, lapsed or denied. It also provides a method by which employees may enroll after missing their initial enrollment period or elect a shorter elimination period. The employee must furnish acceptable medical evidence before approval.

The *Evidence of Insurability Application* can be used to apply for supplemental ICI, if eligible, only when also applying for standard ICI. Applications for supplemental coverage *only* through evidence of insurability are not permitted.

Note: Eligible applicants with standard ICI coverage may apply for supplemental ICI coverage annually under the deferred coverage provision. (Refer to subchapter 302.)

Employer Responsibilities:

1. Review the eligibility criteria outlined in subchapter 200 to determine if the employee is eligible to apply for ICI coverage.

Provide the eligible employee with a copy of the [Income Continuation Insurance \(ET-2106\) brochure](#), explaining the ICI Program.

On the *Evidence of Insurability Application*—complete the employee’s Social Security number, current employing state agency, employer number 69-036-(XXXX-XXX), occupation and the date eligible for WRS. Give the application to the employee to complete.

2. Instruct the employee to read the instructions on the first page of the *Evidence of Insurability Application*. Incomplete applications will be returned to the employee and will delay application processing.

Employee Responsibilities:

1. Read the instruction page of the *Evidence of Insurability Application* and follow the directions. Complete the form in its entirety, including all pertinent information, then sign and date the form. Unanswered questions, incomplete answers to questions, lack of signature and/or date will result in the application being returned.
2. Submit the application to ETF no later than 30 days after the date of completion to ensure current medical information. Applications received more than 30 days after the employee signs and dates the application will be rejected. The employee will then be required to complete and submit a new *Evidence of Insurability Application*.

Approval/Denial:

1. The third party administrator will notify both employee and employer of the approval/denial and the effective date of coverage, if applicable, approximately 60 to 90 days from ETF's receipt of the *Evidence of Insurability Application*.
2. For approved applications, the effective date of coverage will be the first of the month following the date the evidence is approved. Premiums are due from that day forward.

For denied applications:

1. Retain the employer's copy of the denial form for future reference. Additional action by the employer is not necessary.
2. The employee has the right to request reconsideration of the initial denial by submitting a written request to the third party administrator within 90 days of the date of the initial denial.
3. The employee has the right to request a subsequent review of the reconsideration's denial by requesting a Departmental Determination within 90 days of that denial.
4. A new application will not be considered until one-year elapses from the date of denial.

Chapter 4—Employee and Employer Premiums

- 400 Basis for Premium Contribution Rates**
- 401 Employee Monthly Premium Rates—State Employees**
- 402 Employee Monthly Premium Rates—UW Faculty**
- 403 Calculating Employer Premium Share**
- 404 Annual Review and Premium Update**

400 Basis for Premium Contribution Rates

The gross amount of Income Continuation Insurance (ICI) premiums for state employees is based upon their earnings level and total accumulation of unused sick leave as credited in the last complete payroll period of the previous calendar year. State employees not earning sick leave will have the premium based on their earnings level, but they are not eligible for state share of premium; this includes blind employees of WISCRAFT.

The gross amount of ICI premium for UW faculty and academic staff is based upon their earnings level and their selected elimination period of 30, 90, 125, or 180 days.

Any employee who chooses to enroll in supplemental coverage must pay the entire supplemental ICI premium amount; there is no state share.

The following provides more detail on the criteria upon which ICI premium contribution rates are based:

- A. Earnings:** Earnings are either **estimated** for the ensuing 12 months, or based on the employee's **actual** WRS-reportable earnings from the previous calendar year (CY). The chart below shows when an estimate should be used and when the actual previous calendar year earnings should be used.

Event	Application Required?	Earnings to be Used
New Hire (no previous WRS service)	Yes	Estimated
Enrolling during Deferred Enrollment Period Employee has full year of earnings in previous calendar year (i.e. no unpaid Leave of Absence or military leave in the previous CY, and no change in percentage of appointment since beginning of previous CY)	Yes	Actual
Enrolling during Deferred Enrollment Period Employee had unpaid Leave of Absence or Military Leave in the previous CY, or a permanent change in percentage of appointment since the beginning of the previous CY	Yes	Estimated
Returning from an unpaid Leave of Absence or Military Leave , during which time ICI coverage lapsed	Yes	Same salary, either actual or estimated, used immediately prior to leave (unless permanent change in percentage of appointment upon return—see below)
Percentage of Appointment Change (No position change; change in percentage of appointment must be permanent)	No (Employer needs to recalculate premiums and update employee's payroll deduction)	Estimated—based on new percentage of appointment
Transfer/Job change Employee moving between payroll centers (STAR/non-STAR agencies)	Yes	Estimated
Transfer/Job change No change in payroll centers	No	Same salary, either actual or estimated, last used by previous employer (unless permanent change in percentage of appointment upon transfer/job change—see above)

Estimating Earnings—Earnings for the ensuing 12 months should be estimated, rounded to the next higher thousand, and divided by 12. Estimated earnings should include basic salary and any permanent add-on pay awarded to an employee who

holds certain educational degrees, certifications, licenses or credentials. Estimated earnings should **not** include overtime pay or temporary additional pay such as night or weekend differential.

Using Actual Earnings—Earnings are based on the employee’s WRS-reportable earnings from the prior calendar year, rounded to the next higher thousand and divided by 12.

Note: “Less than 12-month employees” (i.e. project, limited term, seasonal or academic year employees who are employed for less than 12 months in a calendar year) should have their salary basis determined in the same manner as 12-month employees, either using actual prior CY earnings or estimating earnings, based on the criteria above.

B. Sick Leave Accumulation—State Employees

The total accumulation of unused sick leave, as credited in the last complete payroll period of the previous calendar year, dictates which premium category is used to calculate ICI premium rates and determine eligibility for deferred enrollment. The premium categories and their respective minimum-required sick leave accumulations are as follows:

Premium Category	Minimum Sick Leave Hours
1	0 hours (less than 23 days)
2	184 hours (23–64 days)
3*	80 hours (at least 10 days)
4	520 hours (65–90 days)
5	728 hours (91–130 days)
6	1040 hours (over 130 days)

***Premium Category 3**—Category 3 is a special rate category which permits full-time employees to qualify for employer contribution by accruing 80 additional hours of sick leave in the previous calendar year. (The employee’s “beginning of year” sick leave balance from the previous calendar year is compared to the balance as of the last complete payroll period in the preceding calendar year.) The employee will remain in premium category 3 as long as 80 additional hours of sick leave are accumulated in each subsequent year; premium category 3 is not a permanent premium category.

Example: An insured employee accrues 80 hours of sick leave in the prior calendar year and will, therefore, move to premium category 3. The following year, the employee fails to accrue an additional 80 hours of sick leave. The employee is no longer eligible for premium category 3, and, depending on the *total* accumulation of sick leave, falls into either premium category 1 or 2. In the subsequent year, the employee once again accrues 80 hours of sick leave and, therefore, moves back up to premium category 3.

Premium category 3 is also available to **part-time** (including seasonal) employees on a prorated basis. For example, those employed on a half time basis (50% appointment) only have to accumulate 40 hours of sick leave in the prior calendar year instead of the 80 hours required for full time employees. This proration applies only to category 3. Use the following formula to determine the number of hours a part-time employee must accrue to be eligible for category 3:

80 x percentage of full-time appointment.

Permanent Plateaus—Any insured employee who accumulates at least 520 hours of sick leave by the end of any calendar year is said to have reached a “permanent plateau” level. This means that once an employee has reached this level, future premiums will be determined using that category, even though later use of sick leave may cause the total to drop below that plateau. Continued accumulation of sick leave may move the employee to a higher premium category, and premium rates would be based on the higher category. Permanent plateau premium categories are categories 4, 5 and 6.

Uninsured Employees’ Deferred Coverage Enrollment Opportunity: In January of each year (during the annual deferred coverage enrollment period), an uninsured employee’s accumulated sick leave will be reviewed to determine if they are eligible to enroll in ICI under deferred coverage. An employee only has the opportunity to enroll under deferred coverage the first time they meet the accumulated sick leave requirements for premium categories 3, 4 and 5. (As stated above, part-time employees are eligible for deferred coverage under premium category 3 on a prorated basis.)

C. Elimination Period—UW Faculty and Academic Staff

Upon electing ICI coverage, UW faculty and academic staff are required to select an elimination period of 30, 90, 125, or 180 days. The elimination period represents the minimum number of consecutive days that must elapse prior to payment of a disability benefit.

Please refer to [State Income Continuation Insurance \(ET-2106\)](#) brochure for the current ICI premium rates.

The ICI premium rates are subject to annual revision. Any revision to standard ICI and supplemental ICI premium rates will be communicated to employers by means of *Employer Bulletin*.

401 [Employee Monthly Premium Rates—State Employees](#)

402 [Employee Monthly Premium Rates—UW Faculty \(Starts on Page 5\)](#)

403 **Calculating Employer Premium Share**

The State of Wisconsin provides contributions toward *standard* ICI premiums. The employee pays the entire premium for *supplemental* ICI coverage.

State Employees—Employer Share:

For state employees, eligibility for state premium share requires that the employee accumulate sufficient sick leave by the last payroll period in the prior calendar year to qualify for premium categories 3 through 6. The state's share of the premium is based on the premium category the employee falls under. The employer share of premium is as follows:

Premium Category	State Contribution Percentage Factor
1	No state share – Employee pays all
2	No state share – Employee pays all
3	67% of total premium (approx. 200% x Employee share)
4	77% of total premium (approx. 340% x Employee share)
5	85% of total premium (approx. 570% x Employee share)
6	state pays 100% of premium

UW Faculty and Academic Staff—Employer Share:

No state share toward the ICI premium is made for UW faculty and academic staff with less than one year of state WRS creditable service.

UW faculty and academic staff have the option of choosing ICI coverage with an elimination period of either 30, 90, 125 or 180 days.

Upon completion of one year of state service, the employer pays 100% of the ICI premium for coverage with a 180-day elimination period. If an employee prefers a lower elimination period, they must pay the difference between the total premium for the elimination period they've selected and the cost for the 180-day elimination period.

404 Annual Review and Premium Update

Employers are required to review their employees' ICI coverage and complete the annual ICI premium updates in January of each year for premium rate changes that are effective on February 1st. These updates reflect any premium rate changes approved by the Group Insurance Board, along with **earnings updates** and **premium category changes** (if applicable).

Earnings Updates:

Average monthly earnings, for ICI premium calculation purposes, are based on the employee's WRS-reported earnings in the prior calendar year, *rounded to the next higher thousand, and divided by 12.*

Exceptions:

- For employees who were **newly hired**, continue to use their previously projected WRS earnings amount, until such time that the employee has a full calendar year of WRS reported earnings.
- For employees who have had a **permanent change in percentage of appointment** since January 1st of the previous year, continue to use their previously projected earnings amount, until such time that the employee has a full calendar year of earnings at their new FTE percentage.
- For employees who were on an **unpaid leave of absence (LOA)** in the previous year, continue to use the earnings amount that was in effect prior to the LOA, until such time that the employee has a full calendar year of WRS reported earnings.

Premium Category Changes:

Premium category (1, 2, 3, 4, 5, or 6) is based on the employee's accumulated sick leave hours credited as of the last complete payroll period in the previous calendar year.

Note: Accumulated sick leave balances do not apply to UW Faculty and Academic Staff for premium calculation purposes.

An employee who is in a category that is considered a "permanent plateau" (refer to subchapter 400) will not be moved to a lower premium category even if their sick leave balance subsequently falls below the threshold for that category.

Deferred Coverage Enrollment Period (January—March 1)

As part of the annual review process, employers must determine whether their employees meet the criteria to enroll in the ICI Program through deferred coverage. (Refer to eligibility criteria listed under "Deferred Coverage" in subchapter 301.)

Employers are responsible for informing eligible employees of this enrollment opportunity and providing them with an ICI application if the employee wishes to enroll. The employee must complete and return the application to their employer on or before March 1st. Coverage will be effective April 1st.

Eligible employees on LOA during the annual deferred coverage enrollment period have 60 days from the date they return to work to apply for ICI coverage.

Supplemental Coverage Open Enrollment Period (January 1—March 1)

As part of the annual review process, employers must also determine whether their employees meet the salary threshold to qualify for supplemental ICI coverage (i.e. earnings exceeding \$64,000 in the previous calendar year.) Supplemental ICI enrollment requires previous or concurrent enrollment in standard ICI. Employees who do not currently have standard ICI coverage, and who are not eligible to apply for standard coverage through the **deferred** enrollment provision, cannot enroll for supplemental coverage. (They can, however, apply for both standard and supplemental coverage at any time through evidence of insurability.)

Employers are responsible for informing eligible employees of this enrollment opportunity and providing them with an ICI application if the employee wishes to enroll. The employee must complete and return the application to their employer on or before March 1st. Coverage will be effective April 1st.

Eligible employees on LOA during the annual open enrollment period have 60 days from the date they return to work to apply for supplemental ICI coverage. Employees currently receiving ICI benefits may enroll when they return to work and are no longer receiving ICI benefits.

Chapter 5—Monthly Premium Report

- 500 **Completing the *Monthly Premium Report Group Income Continuation Insurance* (ET-1611) for State Employee Plan**
- 501 **Sample—*Monthly Premium Report Group Income Continuation Insurance* (ET-1611)**
- 502 **Premium Remittance**
- 503 **Due Date**
- 504 **Late Reporting Interest Charge**
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500 **Completing the [Monthly Premium Report Group Income Continuation Insurance \(ET-1611\)](#) for State Employee Plan**

The *Monthly Premium Report Group Income Continuation Insurance* form accompanies the monthly Income Continuation Insurance (ICI) premium remitted to the Department of Employee Trust Funds (ETF). This form provides a detailed breakdown of employee and employer premium contributions by program (standard ICI and supplemental ICI coverage) and premium category. (Refer to the sample form in subchapter 501.)

The *Monthly Premium Report Group Income Continuation Insurance* is available on ETF's Internet site at: etf.wi.gov. (Refer to subchapter 108 for alternative methods of obtaining copies of ICI forms.)

1. **Complete the *Monthly Premium Report Group Income Continuation Insurance* form as described below:**
 - a. **Department Name**
 - b. **Employer ID No. 69-036**—Indicate the last seven digits of the number (XXXX-XXX) used for WRS reporting. (The Employer Identification Number (EIN) is a 12-digit number beginning with 69-036.)
 - c. **Coverage Month/Year**—Indicate coverage month and year. Example: If the report is due on February 24, the coverage month is February for STAR agencies. For non-STAR agencies it should be January.

2. “Premiums—Employees in Pay Status”

This section is used to indicate premiums from or for employees in pay status who are eligible for State share of premiums.

Note: Employees in premium category 1 or 2 do not yet receive the State share, but are reported in this section.

- a. **Number of Employees**—Enter the number of employees participating in ICI coverage by premium category and the total number of employees.
- b. **Monthly Premium**—Enter the coverage month’s employee standard premium contributions by premium category. This amount does not include the employee share of premiums for supplemental coverage detailed on page 2 of ET-1611.
- c. **Adjustments**—Enter the sum of all adjustments by premium category. (Used only when adjusting a previous month’s premium payment.) For example, you would report a retroactive adjustment due to a permanent change in percentage of appointment in this column.
- d. **Subtotal**—Enter the sum of the “Monthly Premium” and “Adjustments” columns by premium category.
- e. **Subtotal A**—Enter the sum of the figures entered by premium category in the “Subtotal” column.
- f. **State Share**—Enter the state share totals for premium categories 3 – 5 based on the calculations listed on form. (The State share for premium category 6 is the entire premium.)
- g. **Adjustments**— Enter the sum of all adjustments by premium category. (Used only when adjusting a previous month’s premium payment.) For example, you would report a retroactive adjustment due to a permanent change in percentage of appointment in this column.
- h. **Subtotal**— Enter the sum of the “Monthly Premium” and “Adjustments” columns by premium category.
- i. **Total C State Share**—Enter the sum of the figures entered by premium category in the “State Share” column.

3. “Premiums—Employee Not in Pay Status”

This section is used to indicate premiums for employees who are paying the entire premium (employee and employer shares) due to being on unpaid leave.

- a. **Number of Employees**—Enter the number of employees not in pay status participating in ICI coverage by premium category and the total number of employees.
- b. **Monthly Premium**—Enter the coverage month’s employee premium contributions by premium category. This amount does not include the employee share of premiums for supplemental coverage detailed on page 2 of ET-1611.
- c. **Adjustments**—Enter the sum of all adjustments by premium category. (Used only when adjusting a previous month’s premium payment.) For example, you would report a retroactive adjustment due to a permanent change in percentage of appointment in this column.
- d. **Subtotal**—Enter the sum of the “Monthly Premium” and “Adjustments” columns by premium category.

- e. **Subtotal B**—Enter the sum of the figures entered by premium category in the “Subtotal” column.

4. “Supplemental Premiums—Employees in Pay Status”

This section is used to indicate supplemental ICI premiums for employees in pay status.

- a. **Number of Employees**—Enter the number of employees participating in supplemental ICI coverage by premium category and the total number of employees.
- b. **Monthly Supplemental Premium**—Enter the coverage month’s employee premium contributions by premium category.
- c. **Supplemental Adjustments**—Enter the sum of all adjustments by premium category. (Used only when adjusting a previous month’s premium payment.) For example, you would report a retroactive adjustment due to a permanent change in percentage of appointment in this column.
- d. **Subtotal**—Enter the sum of the “Monthly Supplemental Premium” and “Supplemental Adjustments” columns by premium category.
- e. **Subtotal D**—Enter the sum of the figures entered by premium category in the “Subtotal” column.

5. “Supplemental—Employees *not* in Pay Status”

This section is used to indicate premiums for employees who are **not** in pay status.

- a. **Number of Employees**—Enter the number of employees not in pay status participating in supplemental ICI coverage by premium category and the total number of employees.
- b. **Monthly Supplemental Premium**—Enter the coverage month’s employee premium contributions by premium category.
- c. **Supplemental Adjustments**—Enter the sum of all adjustments by premium category. (Used only when adjusting a previous month’s premium payment.) For example, you would report a retroactive adjustment due to a permanent change in percentage of appointment in this column.
- d. **Subtotal**—Enter the sum of the “Monthly Supplemental Premium” and “Supplemental Adjustments” columns by premium category.
- e. **Subtotal E**—Enter the sum of the figures entered by premium category in the “Subtotal” column.

Return to page 1 of form.

6. This section is used to total employee and employer premium amounts into one grand total.

- a. **Total Employee-Paid Premium** (Subtotal A + Subtotal B)—Enter the sum of “Subtotal A” plus “Subtotal B.”
- b. **Total Employee-Paid Supplemental Premium** (Subtotal D + Subtotal E from reverse)—Enter the sum of “Subtotal D” and “Subtotal E.”
- c. **Total Amount Due**—Enter the sum of “Total C State Share” and the two totals in a. and b. directly above. This is the grand total of employee and employer premiums for this coverage month.

501 Sample—[Monthly Premium Report Group Income Continuation Insurance \(ET-1611\)](#)

Department Of Employee Trust Funds
 Division of Trust Finance
 P. O. Box 7931
 Madison, WI 53707-7931
 FAX: 608-266-0133

Please write or type your STAR AP voucher number in the space provided on reverse page.

**Monthly Premium Report
 Group Income Continuation Insurance**
 (All State Employees except University of Wisconsin Faculty)
 Wis. Stat. 40.05 (5) (a)

Department Name	Employer Identification Number (EIN) 69-036-	Coverage Month/Year
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Premiums – Employees in Pay Status										
Premium Category	Number of Employees	Monthly Premium	Adjustments	Subtotal	Times	State Share % Rate	Equals	State Share	Adjustments	Subtotal
1					X	0%	=	- 0 -		
2					X	0%	=	- 0 -		
3					X	200%	=			
4					X	340%	=			
5					X	570%	=			
6		- 0 -	- 0 -	- 0 -						
Total Employees				Subtotal A						Total C State Share

Premiums – Employees Not in Pay Status						
Premium Category	Number of Employees	Monthly Premium	Adjustments	Subtotal		
1						
2						
3						
4						
5						
6						
Total Employees				Subtotal B		

Plus (+)

Total Employee-Paid Premium (Subtotal A + Subtotal B)

Plus (+)

Total Employee-Paid Supplemental Premium (Subtotal D + Subtotal E from reverse)

Equals (=)

Total Amount Due

Date (MM/DD/YYYY)	Prepared By:	Telephone No.
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ET-1611 (REV 3/4/2016)

Supplemental Premiums – Employees in Pay Status				
Premium Category	Number of Employees	Monthly Supplemental Premium	Supplemental Adjustments	Subtotal
1				
2				
3				
4				
5				
6				
Total Employees			Subtotal D	

Supplemental Premiums – Employees Not in Pay Status				
Premium Category	Number of Employees	Monthly Supplemental Premium	Supplemental Adjustments	Subtotal
1				
2				
3				
4				
5				
6				
Total Employees			Subtotal E	

Sample

STAR AP voucher numbers		

ET-1611 (REV 3/4/2016)

502 Premium Remittance

The grand total of employee and employer premiums for the coverage month is the amount you must remit to ETF. This amount is indicated on *Monthly Premium Report Group Income Continuation Insurance* in the “Total Amount Due” field on the ET-1611. Remittances may be made through Central Payroll through STAR. Voucher numbers must be included in the space provided on page 2 of the ET-1611 or may be attached as a list. *Do not send screen prints of vouchers.*

503 Online Payments

Employers can pay ICI premiums online. To pay ICI premiums online, employers must have a completed [Online Network for Employers Security Agreement \(ET-8928\)](#) on file with ETF.

For employers currently authorized to pay health insurance invoices online, you may also be authorized to submit ICI payments online. No additional form is needed. Employers not participating in the ETF administered Group Health Insurance Program must complete the *Online Network for Employers Security Agreement* and check the “ICI Premium Payment” box.

Note: Before submitting the ICI payment online, it is recommended that employers complete the Monthly Premium Report Group Income Continuation Insurance - Local (ET-1629) and retain it for their records.

To make your ICI premium payment:

1. Go to <http://etfonline.wi.gov/one.html>.
2. Scroll to the “Applications” category and select “myETF Benefits” and log in.
3. Follow the on-screen directions and your contact information will be displayed.
4. Move your cursor over to the Disability tab where there will be two drop-down options: “Disability” and “ICI.” Click on the “ICI” option.
5. The ICI payment process is similar to the Group Health Insurance payment process. The initial screen prompts you to complete the contract counts (i.e., the number of employees), total premium and employee-paid portions categorized by regular and supplemental ICI. (All boxes need to have a number in them. For zero, please enter “0,” not “0.00.”)

Note: During a premium holiday, only the contract counts need to be completed, for both regular ICI and supplemental ICI. Do not include dollar amounts.
6. After entering all of the above, click on the calculate button. The premium due amount will be calculated and displayed. Verify all figures on the screen for accuracy and correct as necessary.
7. Click on ‘Make Payment’ to be taken to the US Bank website where you will be prompted to enter your bank information and select the payment date.
8. You may continue to enter your bank information or opt to register by choosing a user ID and password specifically authorized for accessing the US Bank website. You will receive a confirmation number once completed.

Note: Following submission of the Online Network for Employers Security Agreement, it is critical that employers retain the information sent to them confirming their access to the Online Network for Employers (ONE) site. The confirmation includes a PIN, which must be presented when contacting ETF with access questions.

504 Due Date

The original copy of the *Monthly Premium Report Group Income Continuation Insurance* form and voucher number(s) must be sent to ETF at the address shown on the report. Monthly premium reports and remittances are due in the ETF office on the 24th day of the calendar month of coverage*, or on the first working day after the 24th when the 24th falls on a day in which state offices are closed per Wis. Admin. Code ETF 10.63. Payments made through Central Payroll through STAR must be released to ETF on or before the due date.

Note: Entering the payment in STAR and sending the report does not meet the due date obligation—ETF must be able to electronically receive the amount on or before the due date.

*Applies to STAR agencies. (Non-STAR agencies’ reports and remittances are due on the 24th of the month *following* the month of coverage.)

505 Late Reporting Interest Charge

Interest is assessed at the rate of .04% of the total premium amount due **for each day** from the original due date through the date the report and premium remittance are received at ETF. The minimum interest assessment is \$3. Interest charges **cannot** be waived per Wis. Stat. § 40.06 (3).

506 Permanent Change in Percentage of Appointment

A permanent change in an ICI covered employee's percentage of appointment will result in the need for a premium adjustment.

Premiums are adjusted at the beginning of the month on or after the effective date of the permanent appointment change. If premiums have already been paid based on the earnings in effect prior to the change, an adjustment must be made on the [Monthly Premium Report Group Income Continuation Insurance form \(ET-1611\)](#) during the following payroll period to reflect the change in salary for the effective coverage month.

Example: The effective date of change of the new percentage of appointment is the first of February. The employee is in Premium Category 2.

1. Prior to February 1, employee earnings at 50% time = \$833.33 per month.
2. New appointment effective February 1, employee earnings at 100% time = \$1,666.67 per month.

ICI premiums for February coverage were paid in the month of February. Premiums paid in March for March coverage must reflect the increase between the old and the new premium, plus the new premium for March coverage as follows:

New premium for March coverage	\$10.42
Old premium	- 5.32
February Adjustment	\$ 5.10 Increase

February's premium adjustment of \$5.10 must appear in the "Premium Adjustment" section (along with any other employee premium adjustments for that month) of the *Monthly Premium Report Group Income Continuation Insurance* form for March due at ETF on March 24.

Chapter 6—Termination of Coverage

600 Termination of Coverage

601 Lapse in Coverage

602 Cancellation of Coverage

600 Termination of Coverage

Income Continuation Insurance (ICI) coverage for an employee who is not disabled under the ICI plan terminates on the earliest of the following events:

- Resignation
- Dismissal
- Termination
- Retirement
- Reaching age 70
- Death

The employee need not complete an [Income Continuation Insurance Application \(ET-2307\)](#) to cancel the coverage for any of the above actions. When coverage ceases, a full month's premium is required for any month or portion of a month in which earnings are paid. For example, if the employee retires on March 12, a full month's premium is due for March.

An employee disabled under the terms of the plan at the time employment terminates will continue to be eligible to receive benefits as long as ICI Plan provisions are met, up to the maximum duration of benefits. (Refer to Reduction or Termination of Benefits in subchapter 709.)

601 Lapse in Coverage

Coverage is deemed to have lapsed for any insured employee in active employment who fails to pay the employee portion of the premium to the employer when due. Once lapsed, coverage may only be obtained by providing Evidence of Insurability (EOI). Exception: An employee whose coverage lapses while on unpaid leave may obtain coverage without providing EOI by reapplying within 30 days of returning to work.

602 Cancellation of Coverage

An employee may choose to cancel coverage at any time. However, once coverage is cancelled, the employee can only obtain coverage by providing Evidence of Insurability, unless they again become eligible through the deferred enrollment provision. Cancellation of coverage is effective the first day of the calendar month on or after the date the [Income Continuation Insurance Application \(ET-2307\)](#) canceling coverage is received by the employer. Any premium deductions taken for a coverage month after the date coverage ceases must be refunded to the employee. Premium adjustments due to a refund must be noted in the "Premium Adjustment" columns of the [Monthly Premium Report Group Income Continuation Insurance \(ET-1629\) form](#), and these adjustments must be applied to the payment remitted to ETF.

Chapter 7—Benefits

700	Introduction
701	Eligibility for Income Continuation Insurance Benefits
702	Determining Dates of the Elimination Period
703	Earnings for Benefit Payment Purposes
704	Benefit Payments
705	Dates of Benefit Payment Checks
706	Continuation of Benefit
707	Maximum Duration of Benefits
708	Offsets from Other Benefit Sources
709	Reduction or Termination of Benefits
710	Rehabilitative Training
711	Social Security Withholding on Income Continuation Insurance Benefits
712	Taxability of Income Continuation Insurance Benefit

700 Introduction

Insured employees qualify for ICI benefits on the day after they cease working and have been continuously and totally disabled for 30 calendar days or, in the case of UW faculty and academic staff, for their selected elimination period. (UW faculty are required to select an elimination period of 30, 90, 125 or 180 calendar days that, in the event of disability, must elapse before ICI benefits begin.) No ICI benefit payments can be made while earnings are payable for accumulated sick leave hours and/or earnings paid for vacation, holiday and comp time.

ICI benefits are based on 75% of the claimant's pre-disability earnings, less any other income or benefits from other sources. Notify ICI's third-party administrator immediately upon becoming aware that an employee receiving ICI benefits is also receiving income from other sources. (Refer to subchapter 708 for additional information on benefit offsets.)

701 Eligibility for ICI Benefits

ICI benefit eligibility requires that ICI coverage be in effect on the "first date of disability" as defined in the ICI plan. ICI benefit payments do not begin until a claimant has been totally and continuously disabled through the entire elimination period. No benefit payments can be paid while sick leave is payable or for days falling within the elimination period.

ICI benefits are payable beginning the first calendar day *following* the last day of the elimination period or the last day of sick leave (maximum 130 days), whichever is later, and for each succeeding calendar day until the disability ceases, as defined by ICI plan provisions. ICI benefits are paid only for full days of disability, not partial days. No ICI benefit payments can be made while earnings are still being paid for vacation, holiday pay, etc.

Totally Disabled means the claimant is under the regular care and attendance of a physician, and:

During the first 12 months of disability (Short-term disability)—is unable, by reason of any medically determinable physical or mental impairment as supported by objective medical evidence, to perform the duties of their position.

Following the first 12 months of disability (Long-term disability)—is unable, by reason of any medically determinable physical or mental impairment as supported by objective medical evidence, to engage in any substantial gainful activity for which the claimant is reasonably qualified, with due regard to their education, training and experience.

Claimants shall be considered engaged in substantial gainful activity when earnings from that activity are equal to or greater than the gross ICI benefit for the same period of time.

702 Determining Dates of the Elimination Period

The ICI third-party administrator determines the beginning date of the elimination period. Vacation, holiday and compensatory time need NOT be exhausted before ICI benefit payments can begin. Subject to employer personnel policies and rules, claimants may use such time at their own discretion. However, no ICI benefits are payable for any day for which the claimant is paid for vacation, holiday or compensatory time after the elimination period is satisfied. Any vacation or compensatory time used after the selected elimination period must be reported to ETF on *Income Continuation Insurance Transaction Report* (ET-5901).

A. The First Date of Disability

The first date of disability is the first date certified by a physician that the claimant is no longer able to perform the duties of their position due to a medical condition. This date may not be earlier than the last date on which the claimant performed any work. If the claimant did not see a physician on the last day worked and has not been receiving treatment for the medical condition prior to ceasing work, the first date of treatment is the first possible date the elimination period can begin. Claimants must have ICI coverage in effect on the first date of treatment. ICI premiums must be continued in full until the employer receives notification of the claim's approval and subsequent waiver of premiums.

B. The First Date of the Elimination Period

The first day of the elimination period will be no earlier than the day after the last day worked or, if the claimant did not see a physician on the last day worked, the day the claimant is first seen for medical treatment following the last day worked.

The claimant must be treated by a physician after they cease working to determine whether the medical condition meets the plan's disability definition. However, if the claimant is involved in a treatment plan with a physician for a medical condition prior to ceasing employment, and the physician indicates the disability definition has been met, the elimination period may begin the day following the last day worked. In no event can the elimination period begin prior to the date the claimant is completely off work and satisfies the above definitions of total disability (and **only** if the claimant is still insured under the ICI plan).

C. The First Date of ICI Benefits

The ICI benefit will begin after the employee exhausts their sick leave up to a maximum 130 working days or serves the elimination period, whichever is longer. NOTE: The requirement to exhaust sick leave is not required if the employee applies for and is approved for a WRS disability benefit (Disability Retirement, LTDI, or Duty Disability). To determine the elimination period, the third-party administrator will begin with the first date of disability and count consecutive calendar days to the end of the elimination period.

D. Effect of Sick Leave on the Elimination Period

If the employee's sick leave is greater than the elimination period, report the sick leave as of the end of the employee's last day worked plus sick leave earned while continuing in pay status. The third-party administrator will use Monday through Friday as the standard workweek to calculate the date the sick leave is exhausted. For employees with a non-standard workweek send a copy of the work schedule with the *Income Continuation Insurance Employer Statement (ET-5351)*.

Employees entitled to receive pay for a particular Legal Holiday, the designated calendar date of that holiday will not be counted as a day of sick leave usage. The following Legal Holidays extend the date sick leave is exhausted:

- | | |
|----------------------------|---------------|
| New Year's Eve | Labor Day |
| New Year's Day | Thanksgiving |
| Martin Luther King Jr. Day | Christmas Eve |
| Memorial Day | Christmas Day |
| Independence Day | |

Each workday will consist of 8 hours of sick leave unless the claimant is less than a 100% time employee. Part-time employees will have sick leave considered used in proportion to the number of hours worked in a day in their position appointment. For example, an employee appointed to a 60% position will have sick leave considered used at a rate of 4.8 hours per day (8 hours normal workday x 60% = 4.8 hours sick leave).

Sick leave usage is calculated commencing with the first workday following the last day worked. Take into consideration sick leave used if the employee did not complete a full workday on their last day worked.

703 Earnings for Benefit Payment Purposes

The amount of "earnings" used for ICI claim computation purposes is the claimant's previous year's WRS-reportable earnings, rounded to the next higher thousand and divided by 12. Exception: If the employee was newly hired and does not have a full year of earnings in the previous calendar year, or the employee had a permanent change in percentage of appointment that is not accurately reflected in the previous calendar year's earnings, the estimated base salary that was used to determine the most recent premiums will be rounded to the next higher thousand and divided by 12. The ICI benefit is based on those projected earnings. (Refer to subchapter 400.)

704 Benefit Payments

Following completion of the claimant's elimination period, ICI benefits are paid for every day of continuing disability, including weekends. The monthly salary (as determined in subchapter 703) is multiplied by 75% to obtain the monthly benefit amount. Benefits are paid monthly, with a check dated the first of the month for benefits covering the previous month. For each day of the benefit period less than one month, partial monthly payments are determined at one-thirtieth (1/30) of the monthly benefit.

- Example illustrating the monthly ICI benefit calculation:

Monthly Earnings x 75% = Monthly ICI Benefit

$$\$5,837.53 \times 75\% = \$4,378.15$$

- Example illustrating a prorated monthly ICI benefit calculation:

Monthly ICI Benefit ÷ 30 = Daily ICI Benefit x days paid in partial month = prorated Monthly ICI Benefit

$$\$4,378.15 \div 30 = \$145.94 \times 20 \text{ (days in partial month)} = \$2,918.80$$

Note: The maximum monthly benefit payable with standard ICI coverage is \$4,000; with supplemental ICI coverage, the maximum monthly benefit is \$7,500. In the example above, the employee had standard ICI and supplemental ICI coverage. Had the employee been enrolled in standard ICI only, the maximum monthly benefit would equal \$4,000 with a daily ICI benefit amount of \$133.33.

ICI pays disabled employees a monthly amount that, together with income from other sources listed in subchapter 708, maintains a specified percentage of the employee's pre-disability earnings. The specified percentage remains the same for the entire disability period, although the benefit income from various sources may change due to cost of living adjustments.

705 Dates of Benefit Payment Checks

ICI payments are made at the beginning of the month for the preceding benefit month. For example, January benefits are paid by a check dated February 1. The third-party administrator is required to have paper checks to the post office at least 2 days prior to the date of the check.

Claimants have the option of receiving benefits through electronic deposit; electronic deposit is the suggested form of payment for claimants receiving long-term disability ICI benefits. The claimant must complete the *Automated Clearing House (ACH)* authorization form provided by the third-party administrator. ACH ensures that benefits are received timely and prevents checks from being delayed, lost, stolen or fraudulently cashed.

Claimants failing to receive an expected benefit check after allowing reasonable time for mail delivery should contact the third-party administrator. (Refer to subchapter 104 for contact information.) The third-party administrator must allow the post office 12 days to deliver a check before a stop payment is issued and a new check mailed.

706 Continuation of Benefit

The third-party administrator estimates the anticipated length of all ICI disability periods. Depending on the cause and severity of the disability, as indicated in the original physician statement, the third-party administrator periodically requests supplemental medical information to determine whether the insured is still disabled. The frequency of these requests depends on the nature and duration of the disability.

707 Maximum Duration of Benefits

ICI benefits are payable through the end of the month in which a claimant reaches age 65, as long as the claimant meets all of the ICI plan requirements. However, benefits may extend beyond age 65 if the claimant was 62 or older on the first date of the disability. The age on the first date of the disability determines the maximum length of time ICI benefits may be payable. ICI benefits are not paid beyond the end of the month in which the employee turns age 70.

The maximum duration of benefits for disabled insured employees is:

Age at Date of Disability	Maximum Duration of Benefits in Years
61 or younger	To age 65
62	3.50 years
63	3.00 years
64	2.50 years
65	2.00 years
66	1.75 years
67	1.50 years
68	1.25 years
69	To age 70

Example: An employee is age 67 when they first become disabled. Assuming all plan requirements are met, the employee will receive ICI benefits for 1.50 years (18 months). The ICI benefit will cease the end of the 18th month.

708 Offsets from Other Benefit Sources

ICI benefits are reduced by the gross amount of benefits paid or payable from the following sources:

- Any Social Security, disability or retirement benefits based on the employee's work record.
- Worker's Compensation – temporary total disability, temporary partial disability and compromise/settlement agreements. Note that permanent partial disability, permanent total disability, medical expenses, penalties assessed against employer and attorney fees are **not** offset from the ICI benefit.
- Any employer liability law benefits.
- Any occupational disease law (i.e., Duty disability benefits approved under §40.65, Wis. Stat.).
- Any Wisconsin Retirement System (WRS) retirement, disability retirement and separation benefits.
- Any employer sponsored or sanctioned salary continuation plan, including any plan whose premiums are paid or collected via payroll deduction.
- Earnings (including vacation, comp time and holiday pay) and earned sick leave.
- Unemployment compensation.

The ICI third-party administrator determines whether claimants are required to apply for other benefits. Should medical evidence support the application, the claimant is notified that they are required to apply for the benefit and complete the application process. For example, applications for Social Security Disability Insurance must be pursued through the administrative law judge level of appeal. Claimants are also notified of the possibility that ICI benefits will need to be repaid due to the approval of the other income.

Claimants who do not apply (or follow through with an application process) for other available benefits will have their ICI benefit reduced by the amount (or an estimated amount) they would have been eligible to receive from other source(s).

ICI benefits will be reduced by the largest benefit available from other sources, even though the claimant may select an option that pays a reduced benefit amount.

A claimant younger than the normal WRS retirement age for their employment category is not required to apply for a WRS retirement or separation benefit. However, should they do so, the ICI benefit will be offset by the maximum benefit provided by that income source.

The ICI third-party administrator also instructs the disabled employee to apply for Worker's Compensation (WC) benefits if the illness/injury appears work-related.

When an ICI claimant receives temporary WC benefits, the ICI Program must calculate the date the sick leave will be exhausted when used to supplement the WC benefits. WC pays 2/3rd of the employee's normal wages; therefore to bring the person up to "full pay," would require a supplement of 1/3 of pay. Based on a standard 8 hour work day, this would mean that the employee would need to use 2.6666 hours of sick leave for every standard work day.

Example calculation of sick leave exhaust date:

A full-time employee has 70 hours of sick leave. If he or she uses 2.6666 hours per day, he or she would have enough sick leave to cover 26.25 days ($70 \div 2.6666 = 26.2506$). The ICI third-party administrator would determine the sick leave exhaust date by counting standard work days (skipping weekends and holidays), starting with the first day absent.

For a person who only works 60% (or any other partial appointment), multiply 2.6666 times the work percentage. This will give you the correct number of hours needed per day. For example, $2.6666 \times 60\% = 1.6000$ hours per day.

Future ICI benefits may be reduced or suspended if the employee fails to apply for WC benefits. Once a WC decision is issued, the employer must report any approved WC awards to the third-party administrator, who then determines whether the ICI benefit needs to be reduced. Employers must report any temporary WC disability benefits on the [Income Continuation Insurance Report of Employment and Earnings \(ET-5901\)](#). (Refer to subchapter 901.)

In the event the WC claim determination is delayed, ICI benefits will be payable following the elimination period and computed without any WC adjustment. However, ICI payments are *recomputed* once the WC award is determined. Overpayments created by a WC award or another income source must be repaid to the ICI Program by the claimant. Payment options include repayment in full, monthly repayments made directly to ETF, wage assignments (garnishment) and/or withholding of future benefits.

Should an employee return to your employ in an appointment less than their pre-disability appointment, you are required to report any part-time earnings as indicated in subchapter 900.

709 Reduction or Termination of Benefits

ICI benefits are reduced or terminated when any of the following occur:

A. Return to full-time employment:

Benefits are payable through the date of return or through the date medical evidence indicates the claimant is capable of returning to work full-time, if earlier. The claim may be reopened if the employee becomes disabled with the same or a related disability within the time limits below. The employee needs to contact the third-party administrator:

- less than 14 consecutive calendar days (for claimants disabled fewer than 12 months)
- or*
- less than 6 months (for claimants disabled for more than 12 months).

B. Return to part-time employment:

Benefits continue on a reduced basis if the claimant returns to part-time employment with the pre-disability employer or if employment is approved as rehabilitative training. The ICI benefit will terminate for claimants receiving ICI benefits under the long-term disability benefit whose gross part-time earnings are equal to or greater than the gross ICI benefit. The claimant is required to begin paying ICI premiums to continue ICI coverage.

The third-party administrator will contact the employers of any claimant released to return to part-time employment with restrictions to determine whether that employer can/will accommodate the restrictions.

Note: Claimants released to return to work for a specified number of hours but who choose to work fewer hours, will have their ICI benefit reduced by the number of hours specified by the physician release.

710 Rehabilitative Training

Rehabilitative training may be approved under the ICI Program if the claimant can no longer perform their previous occupation due to disability but, with proper training and education, could be capable of performing other gainful activities. A gainful activity is one that would provide an income equal to or greater than the gross ICI benefit. Rehabilitative training may include higher education, vocational training, job counseling, on-the-job training or retraining. All rehabilitative training plans must be in writing, approved in advance by ETF, and include specific goals and dates agreed to by the claimant. In addition to regular benefits, once the rehabilitation program has been approved, the ICI Program may pay expenses such as tuition or textbooks (expenses associated with rehabilitation) if these expenses are not payable from other sources. Plans developed in conjunction with the Division of Vocational Rehabilitation (DVR) and approved by DVR and presented to ETF or the third-party administrator will be considered an approved rehabilitation plan.

As an incentive to return to work, only 75% of earnings from the employer under which the employee became disabled or an approved rehabilitative employment apply to the reduction of the claimant's ICI benefit. Sick leave earned after returning to work reduces the benefit amount dollar-for-dollar at the time paid. Earnings from unapproved rehabilitative employment reduce the claimant's ICI benefit amount dollar-for-dollar.

Under certain approved programs, ETF may authorize a benefit offset waiver for all or part of the rehabilitative earnings for a maximum of nine months; ETF must pre-approve the offset waiver. The claimant is required to provide appropriate documentation supporting any expenses related to accommodating their needs in getting to work and/or having an appropriate workstation.

Claimants determined physically and mentally capable of rehabilitative training who refuse to participate may have ICI benefits offset by the amount of projected rehabilitative employment earnings or may be subject to termination or suspension of ICI disability benefit payments.

711 Social Security Withholding on ICI Benefits

Social Security regulations provide that any income from a sickness or disability plan received during the first six months of a disability is subject to Social Security withholding if the employer paid a portion of the ICI premiums. The percentage of the benefit subject to Social Security withholding is equal to the percentage of the gross premium paid by the employer. Therefore, ICI benefits received during the first six months include the Social Security (FICA) withholding deduction. Paid ICI benefits based on the supplemental ICI coverage are not subject to FICA because there are no employer premiums; the employee pays the entire premium for supplemental coverage.

Social Security withholding ceases when a claimant terminates during the first six months of disability due to the approval of a WRS disability retirement benefit.

712 Taxability of ICI Benefit

The percentage of benefits considered taxable income is directly proportionate to the percentage of the total ICI premium paid by the employer. The taxable portion of the benefit is based on an average of the premium percentage paid by the employer over the three years prior to the year in which the ICI benefits are first paid. This applies to the standard coverage only, as the employee paid the entire premium for the supplemental coverage. However, due to continuing revisions of tax laws and the interpretation of the revenue code, claimants should consult both state and federal tax authorities for answers to specific questions concerning the exclusion or inclusion of such benefit payments as taxable income.

The ICI third-party administrator automatically withholds Federal income tax from the taxable portion of a benefit at the rate of 25%. The claimant may submit Form W-4S to change the percentage of Federal tax withheld. Form W-4S is available from the Internal Revenue Service or the third-party administrator.

Wisconsin State income tax is withheld from a taxable ICI benefit only when the claimant submits the Wisconsin withholding exemption form WT-4. The form is available from the Wisconsin State Department of Revenue or the third-party administrator.

Chapter 8—Claim Process

800	Filing an Income Continuation Insurance Claim
801	Employer Information Required by the Third Party Administrator
802	Third Party Administrator Claim Review
803	Approval, Denial or Termination Notice
804	Waiver of Premium

800 Filing an ICI Claim

The employer instructs the disabled employee to initiate a claim by calling the third party administrator (refer to subchapter 104 for contact information) or submitting a paper claim. **Filing claims by telephone is recommended as it reduces paperwork and eliminates delays associated with mailing claim forms to ETF.**

A. Filing Claims by Phone:

- The third party administrator's customer service representative collects basic information from the claimant including name, Social Security number, date of birth and current mailing address.
- The claimant provides related information to the third party administrator such as the nature of the disability, last day worked, contact information for their attending and/or treating physician and any additional work-related information.

B. Filing Paper Claims:

- The employer provides the claimant the [Income Continuation Insurance Claim Form \(ET-5352\)](#).
- The claimant submits the paper claim to ETF.

A claim can be filed up to thirty (30) days prior to the employee's last day at work in cases of scheduled surgery or impending childbirth. No benefits are payable more than 90 days retroactively from the date the claim is received by the third party administrator, or ETF if a paper claim is filed. Claims received more than 12 months from the last day in pay status will be denied.

Upon receipt of the claim, the third party administrator mails the claimant the following:

- Introductory letter explains how the program works and what to expect while the claim is pending.
- Medical release forms that the claimant must sign and immediately return one to the third party administrator and to the claimant's attending and/or treating physician.

Note: The attending and/or treating physician, clinic and medical records departments will not release confidential medical information to the claim administrator without the claimant's consent. Until that release is given, the claim cannot be processed. The claimant is responsible for any costs associated with obtaining medical records and exams.

801 Employer Information Required by the Third Party Administrator

Once a claim has been filed, the ICI Program's third party administrator sends an [Income Continuation Insurance \(ICI\) Employer Statement \(ET-5351\)](#) to the employer. The employer must complete the information requested on the form.

After completion of the *ICI Employer Statement*, please make a copy for your records. The completed form and a copy of the employee's current position description should be returned to ETF, P.O. Box 7931, Madison WI 53707-7931 or fax to 608-267-4549.

Note: Continue collecting ICI premiums until notified of the claim determination.

802 Third Party Administrator Claim Review

The third party administrator reviews ICI disability claims in the following manner:

- A registered nurse, hired by the third party administrator, calls the attending and/or treating physician to obtain clinical information concerning the claimant's disability.
- The nurse may call the physician to arrange a return to work plan for the claimant. The plan may include modified hours or restricted duties. The third party administrator contacts the employer to determine whether job modifications can be made. The claimant receives written correspondence from the third party administrator regarding any determinations.
- The third party administrator contacts the physician for ongoing review of the disability claim to obtain updates on symptoms, diagnosis, treatment and the return to work plan.

803 Approval, Denial or Termination Notice

The third party administrator notifies the employer of the claim's approval or denial and whether ICI premiums will be waived or not.

The third party administrator will also notify the employer when the claim is terminated. The termination notice also provides the date that ICI premiums should resume.

The claimant has the right to request, in writing, reconsideration of the third party administrator's approval, denial, termination or other benefit determination. The third party administrator must receive the written request and any additional information no later than ninety (90) days after the date of the initial benefit determination letter.

The request for reconsideration must indicate the issues with which the claimant disagrees and provide any additional information he or she would like considered as part of the review. The third party administrator is required to respond to the employee's request for reconsideration within ninety (90) days of the claimant's request for reconsideration or the receipt of the additional information, whichever is later.

Following receipt of the claim administrator's reconsideration decision, the employee has the right to submit a written request to ETF for a Departmental Determination of the decision. The written request must be received by ETF no later than ninety (90) days from the date of the third party administrator's reconsideration decision letter. The

employee can provide any additional information he or she would like included in ETF's review. Any additional medical information not previously provided to the third party administrator will be forwarded to the third party administrator's medical staff for review.

In the event the employee remains dissatisfied following ETF's determination, he or she has the right to submit a written request for an appeal of ETF's determination before the Group Insurance Board (GIB). The request for appeal to the GIB must be received by ETF's Appeals Coordinator no later than ninety (90) days of the date of ETF's Departmental Determination letter.

804 Waiver of Premium

ICI premiums are waived effective the first of the month on or after the date ICI benefits begin or upon termination of employment, whichever occurs first.

The premium waiver remains in effect through the end of the month in which the employee's leave of absence ends. A leave of absence ends when the employee has resumed active performance of duty for 30 consecutive calendar days for at least 50% of what is considered that employee's normal work time.

Do not assume premiums are waived until notified by the third party administrator of the ICI claim approval.

Chapter 9—Claimant Change in Work Status

900 Change in Work Status

901 Completing the *Income Continuation Insurance Report of Employment and Earnings* (ET-5901)

900 Change in Work Status

Employers are responsible for notifying ETF of a claimant's change in work status by completing the [Income Continuation Insurance Report of Employment and Earnings \(ET-5901\)](#). Delays in submitting the *ICI Report of Employment and Earnings* may cause an overpayment in Income Continuation Insurance (ICI) benefits that must be repaid.

- A. ICI monthly benefit payments may be adjusted or terminated when one of the following occurs:
- Claimant returns to full-time employment.
 - Claimant returns to part-time employment.
 - Claimant will not be returning to work.
 - Claimant's death.
 - Earnings for vacation, holiday pay, comp time, etc., are paid after the claimant's elimination period. The monthly ICI benefit will also be offset by 100% of the value of any sick leave *earned* during periods of employment.
 - Worker's compensation benefits, temporary disability benefits or back wages from compromise agreement/settlements are paid.
- B. Resumption of part-time employment increasing to full-time employment within the same reporting period requires that employers report the:
- Start date of part-time employment,
 - Amount of part-time earnings, and
 - Start date of full-time employment.

Special Instructions for Part-Time Employment* and Worker's Compensation Temporary Benefits

An *ICI Report of Employment and Earnings* must be completed and submitted to ETF after each payroll period during which an ICI claimant performed any part-time work. (Refer to subchapter 901.) Workers' compensation temporary benefits are reported based on the period covered, not the workers' compensation check date.

* An *ICI Report of Employment and Earnings* must also be completed for employees who return to work full-time with restrictions, until you are notified that the ICI claim has been terminated.

901 Completing the [Income Continuation Insurance Report of Employment and](#)

[Earnings \(ET-5901\)](#)

Follow these instructions to complete the *ICI Report of Employment and Earnings*:

1. Enter the employee's name, social security number and date of birth, as well as the employer name and seven-digit employer identification number, in the designated spaces at the top of the report.
2. Check the box corresponding to the employee's change in work status and enter the effective date of change.
3. For employees returning to part-time employment, perform the following:
 - a. Attach a copy of the physician's release to return to work.
 - b. Enter the date through which part-time work is expected to continue.
 - c. Enter percent of part-time work expressed as a percentage of full-time employment in the space provided.
 - d. Complete the table on the form at the end of each payroll period for the duration of the part-time employment. Complete:

Section A—report earnings paid for part-time employment. If the claimant uses vacation, holiday or comp. time while working part-time, report the earnings separately on the form. The ICI benefit is offset by 75% of the earnings paid for "Present at Work", vacation, holiday or comp. time.

Section B—report earned sick leave. ICI benefits are offset 100% of the earned sick leave.

Section C—report earnings for vacation, holiday or comp. time paid to the ICI claimant after the elimination period but prior to returning to part-time or full-time employment. The ICI benefit is reduced by 100% of these earnings.

Section D—report Sick Leave Used for an ICI claimant who has returned to part-time employment and, due to their medical condition, is required to be out of work and use sick leave. Submit any physician's statement that takes the employee out of work.

4. Date, sign and list your telephone number.
5. Send ETF a copy of the *ICI Report of Employment and Earnings* (and any attachments) using one of the following methods:
 - Fax to ETF at 608-267-4549.
 - Mail to ETF, P.O. Box 7931, Madison WI 53707-7931.
 - E-mail ETF at ETFWEB@etf.state.wi.gov.
6. Direct questions regarding claims and benefit eligibility to the third party administrator. (Refer to subchapter 104.)

Sample

Income Continuation Insurance Report of Employment and Earnings (ET- 5901)

Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707-7931
etf.wi.gov

**INCOME CONTINUATION INSURANCE REPORT
OF EMPLOYMENT AND EARNINGS**

Wis. Stat. § 40.61

Employee Name (Last, First, Middle, Maiden)	Social Security Number
Employer Name	Birthdate (MMDD/CCYY)
	Employer Number

MM/DD/CCYY

- Returned to full-time employment _____
- Will not be returning to work effective _____
(State reason for not returning in Comments section below)
- Death Date of death _____
- Returned to part-time employment _____
Part-time work will continue until (attach a copy of the release to return to work) _____
Part-time work expressed as a percentage of full-time employment _____ %

Check Date:		HOURS	GROSS EARNINGS	Claims Administrator USE ONLY:	
Section A	Present At Work		\$		
	Vacation Paid		\$		
	Holiday(s) Paid		\$		
	TOTAL		\$	X 75% =	\$
Section B	Earned Sick Leave (State Employees Only)		\$	X 100% =	\$
	Paid Sick Leave (Local Employees Only)		\$	X 100% =	\$
Section C	Paid vacation, holiday or comp. time after the elimination period but prior to returning to work (State and Local Employees)		\$	X 100% =	\$
Section D	Sick Leave Used (State Employees Only)			TOTAL ICI OFFSET	\$

Comments:

Worker's Compensation:

Date (MMDD/CCYY)	Signature of Employer Representative	Telephone Number ()
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Refer to instructions on the attached sheet.

Mail to: ETF, P.O. Box 7931, Madison WI 53707-7931
FAX to: ETF (608) 267-4549
or e-mail to ETF at: ETFWEB@etf.state.wi.us

ET-5901 (REV 7/2010)

Chapter 10—Reinstatement of Coverage Lost Through Employer Error

- 1000 Statutory and Contractual Provisions**
- 1001 Types of Employer Errors that Can be Corrected**
- 1002 How to Correct an Employer Error**
- 1003 Errors Not Eligible for Correction**
- 1004 Deadline for Reporting of Employer Error**

1000 Statutory and Contractual Provisions

From time to time, an employee misses the open enrollment for Income Continuation Insurance coverage or later loses coverage due to an error made by the employer. Wis. Stat. § 40.61(5) permits coverage to be reinstated without requiring that the employee provide evidence of insurability under certain circumstances. The Wisconsin Income Continuation Insurance plan language provides that:

An application shall be approved beyond the 30-day period after the employee becomes eligible, without providing evidence of insurability, if **all** of the following conditions are met:

- A. The employer furnishes sufficient information to the Department of Employee Trust Funds (ETF) indicating the employer did not advise the employee of eligibility, provide an application form, submit premium payments, or perform other enrollment requirements;
- B. The employee files a new [Income Continuation Insurance Application \(ET-2307\)](#) which must be received by the employer within 30 days after the employee first becomes aware of the employer error; and
- C. ETF finds that the employee was denied coverage as a result of employer error as specified in Wis. Stat. § 40.61(5).

If the application is approved, coverage will become effective the first day of the calendar month on or after the date the employer received the application from the employee.

If the error cannot be corrected under the employer error provisions, the employee can apply for coverage by providing evidence of insurability. An [Evidence of Insurability Application \(ET-2308\)](#) must be submitted prior to reaching age 70 (refer to subchapter 307).

The Income Continuation Insurance plan language further provides:

An employee who began paying premiums within 60 days after becoming eligible, and has continued to pay premiums, even though not properly enrolled, is deemed to be insured. Following employer notice of improper enrollment, insurance shall continue in effect for thirty (30) days during which time proper enrollment must be completed by the **employee**. Coverage shall cease after thirty (30) days unless proper enrollment has been completed.

1001 Types of Employer Errors that Can be Corrected

The following chart illustrates some of the more common errors made by employers and provides tips on how to avoid these types of errors. While this chart provides examples of employer errors, it is not all-inclusive.

Types of Employer Errors:	How to Avoid These Types of Errors:
<p>Failure to provide Income Continuation Insurance information or an application to the employee within 30 days after the employee becomes eligible for coverage.</p>	<p>Employers are encouraged to use the New Employee Benefit Checklist (ET-2572) or develop their own orientation checklist to use for all new hires. The checklist will help verify that the employee is eligible and that all benefit information and applications were given to the employee. The employee should sign the checklist verifying that they have received all applications/forms. Employers can then retain a copy of the signed checklist in the employee's personnel file for future confirmation that the employee received all the information listed on the checklist.</p>
<p>Excludes employee based on misinterpretation of eligibility or systematically excludes groups of employees. (Employee includes full-time, part-time, limited term, temporary, project, seasonal, non-represented, substitute teachers, library aides, etc., irrespective of bargaining unit agreements.)</p>	<p>Employers must offer ICI coverage to all employees provided the employee:</p> <ul style="list-style-type: none"> • Is eligible to participate in the WRS. <p style="text-align: center;">and</p> <ul style="list-style-type: none"> • Is under age 70 on the date that coverage becomes effective. (Refer to subchapter 200—Newly Hired Employee Eligibility Criteria.)
<p>Unaware of WRS eligibility date, and reports WRS enrollment late.</p>	<p>Employers should continually monitor an employee's work hours when the employee is determined not to be initially eligible for WRS. (Refer to Chapter 3 of the WRS Administration Manual (ET-1127).</p> <p>Note: All WRS eligible employees must be offered ICI coverage.</p>

1002 How to Correct an Employer Error

When the employer becomes aware that an employee does not have coverage due to employer error, the employer must:

- A. Immediately notify the employee of the error **in writing** and provide the employee with a new [Income Continuation Insurance Application \(ET-2307\)](#). The employee must return the application to the employer within 30 days of being informed of the error. Once coverage has lapsed, a new application is **always** required to reinstate coverage. Employees who are on leave of absence when an error is discovered may apply for coverage within 30 days of their return to work.
- B. The employer must send the application to ETF marked with “Employer Error” and accompanied by a detailed letter explaining the error. The letter should answer the following questions:
 1. What is the exact nature of the error?
 2. What evidence exists to show that the employer, not the employee, was responsible?
 3. Did special circumstances cause the error to be made?
 4. How and when was the error discovered?
 5. What was done once the error was discovered?
 6. What corrective action has the employer put in place to ensure that this type of error does not reoccur?
- C. Initiate premium deductions immediately when an application is filed under employer error. Although premiums may be deducted from an employee’s salary, **coverage is not guaranteed until approved by ETF.**
- D. ETF will notify both the employer and employee of approval or disapproval of the coverage. If approved, coverage will be effective on the first of the month on or following the date the employer received the application. The employer must refund any premium deductions made if coverage is not approved.

1003 Errors Not Eligible for Correction

The employer error provisions do not apply to errors primarily due to the employee's action or inaction. Examples of such situations include:

- Employee is given application materials but forgets to submit completed application.
- Employee receives written notice of fringe benefits coverage from the employer but fails to report coverage discrepancies to the employer.
- Employee completes cancellation form incorrectly and inadvertently cancels more coverage than was intended. (A cancellation form can be withdrawn only before the effective date of the cancellation.)
- If the error cannot be corrected under the employer error provisions, the employee can only obtain coverage by furnishing satisfactory evidence of insurability prior to reaching age 70 (refer to subchapter 306).

1004 Deadline for Reporting of Employer Error

Errors are resolved individually and there is no single deadline that applies in all circumstances. Many employees receive an annual fringe benefit statement showing insurance coverage. Employees should promptly report any discrepancy to the employer.

