



Income Continuation Insurance Administration Manual – State For UWs

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Preface

The *Income Continuation Insurance Administration Manual - State* (ET-1119UW) is a reference source intended to aid your administration of the state Income Continuation Insurance (ICI) Program. Its contents are based on state statute, administrative code, and ICI plan language and contain instruction relevant to the administrative and reporting practices of the ICI Program. Wisconsin statutes, administrative code, and ICI plan language are reviewed on an ongoing basis and updated revisions of this manual will be published as needed.

The Department of Employee Trust Funds will make every effort to communicate changes to employers via employer news. This manual contains examples relevant to the administration of the ICI Program but may not cover every eventuality. Specific program questions and situations will be considered with regard to current statute, administrative code, ICI plan language, and/or case law by ETF.

Consult this manual as a first-step resource when you encounter ICI Program-related questions or concerns. If questions remain, contact the ETF Employer Services Bureau (ESB). ESB provides a single point of contact to resolve issues regarding eligibility, enrollment, coverage, and invoicing for ETF benefit programs. A central voice mail system handles calls when all ESB staff member lines are busy. The voicemail system is monitored on a regular basis and all calls are returned within 24 business hours. Contact ESB at 1-877-533-5020, option 2.

Your efforts to accurately administer the provisions of the ICI Program are appreciated. If you have comments on this edition or suggestions for the next edition of this manual, please contact ESB.

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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 and academic staff members desiring a shorter elimination period are required to pay the necessary additional premium. The percentage of premium paid by the state as a fringe benefit determines the taxable percentage of benefits received.

Note: University of Wisconsin “university staff” are not included in the UW faculty and academic staff ICI plan. Instead, they are included in the same plan as state employees from other agencies.

ICI benefits are based on 75% of an insured employee's gross basic earnings, up to \$120,000, for a maximum benefit of \$7,500 per month (75% of \$120,000 in annual earnings). Disabilities lasting more than one year have a supplement of \$75 per month added to the normal benefit amount. This is a one-time supplement; no further increases will apply.

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 (LTDI), 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. Employees disabled on or before their 60th birthday receive benefits until age 65. Employees disabled after their 60th birthday will receive benefits for a maximum period of five years from the date they became disabled.

102 Administration

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

The procedures and provisions governing enrollment, premiums and coverage are addressed in Wis. Stat. §§ 40.02 (25)(a), 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 (The Hartford)

- 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 with general knowledge of ICI plan provisions to serve as a contact for the ETF third-party administrator.
- Inform new employees on or before the date of hire as to eligibility, benefits, cost, enrollment procedure and effective date of coverage.
- Review and follow processes and procedures outlined in the [employer procedures](#).
- Respond timely to third-party administrator inquiries.
- Submit monthly premiums to ETF.
- Refer questions appropriately. (Refer to subchapter 105 for further information.)
- Prepare [Income Continuation Insurance Employer Statement \(ET-5351\)](#) and [Income Continuation Insurance Report of Employment and Earnings \(ET-5901\)](#) and submit to ETF when requested by the third-party administrator.
- Provide employees with a link to the [My Insurance Benefits User Guide \(ET-1109\)](#) and assist them with any questions they may have about using the system to enroll in ICI coverage.
- As applicable, provide employees with a paper [Income Continuation Insurance Application \(ET- 2307\)](#), [Income Continuation Insurance Brochure \(ET-2106\)](#), and/or an [Evidence of Insurability Application \(ET-2308\)](#).
- Arrange for employee payroll deductions.
- Prepare and submit monthly premiums to ETF.
- Respond to the third-party administrator inquiries timely.
- Refer contractual interpretation questions to ETF.

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 Bureau (ESB) Employer Insurance Unit toll free 1-877-533-5020, option 2, by email at ETFSMBEmployerInsurance@etf.wi.gov , or by Ivanti ticket.
Claims, Benefits, Customer Service, Payments, Complaints	<p>The Hartford toll free 1-800-960-0052 The Hartford P.O. Box 14869 Lexington, KY 40512-4869 ICIQuestions@thehartford.com</p> <p>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</p>

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): 608-261-7947

Toll Free: 1-877-533-5020

ombudsperson@etf.wi.gov

Department of Employee Trust Funds

Ombudsperson Services

PO 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 website at etf.wi.gov/benefits/benefits-dispute.

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

Employers may order forms by telephone or online from ETF. Items will be delivered in one to three weeks depending on availability. It is possible to print many forms from ETF's website at etf.wi.gov. Forms available for employer printing are listed in alphabetical order and may be downloaded as needed.

A. Telephone Orders

Employers may use the voice mail request line at ETF's Supply and Mail Services (SAMS). The voice mail program allows employers to call and order forms and brochures by leaving a recorded message.

1. Call ETF's SAMS telephone number at 608-266-3302.
2. Provide the four-digit form number, beginning with the "ET" prefix (e.g. ET-2319)
3. State the name of the form. (e.g., Rehired Annuitant)
4. State the quantity desired.
5. State the employer name.
6. Give your seven-digit employer identification number, which starts with 69-036-

B. Online Orders

Employers may also order forms online at etf.wi.gov. Click on the word "Employers" in the top menu. Scroll down to the "Forms and Brochures" section. Click on the "All Employer Forms and Brochures" button.

Or – In the top menu, hover your cursor over the Employers tab. Do not click on the word "Employers." In the dropdown menu that appears, click on the "Employer Forms, Brochures and Publications" option. Then, on the [Employer Forms, Brochures and Publications](#) web page, click the "Employer Forms Order" link near the top. On the Employer Forms page, complete the information requested. Click the "Send" button at the bottom of the page. You will receive an automated response message stating that your order has been received.

Note: It is sometimes necessary to partially fill orders because forms may be temporarily in short supply. When this occurs, the employer may receive fewer copies than requested. A notice will be included with the partial order. The balance of the order will be filled when forms become available.

109 Internet Address — etf.wi.gov

ETF's website 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 (WRS) *with exceptions listed below in the note.*

Note: Wis. Stat. § 40.02 (25) (a) 2. and 3. allow the following individuals to enroll in ICI even if they are *not* participating in the WRS:

- Member or employee of the legislature
- State constitutional officer
- District attorney who does not have insurance coverage with a county under s. 978.12 (6)
- A justice of the supreme court, a court of appeals judge or a circuit judge
- The chief clerk or sergeant at arms of the senate or assembly
- Blind employees of Beyond Vision

All other 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.) are not eligible for ICI coverage.

201 Initial Enrollment Period and Coverage Effective Date

An eligible state employee can become insured for ICI coverage by enrolling in the ICI benefit through My Insurance Benefits or filing the [Income Continuation Insurance Application \(ET-2307\)](#) with their employing agency's payroll/personnel office within 30 calendar days of hire or first becoming eligible for ICI.

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 [ETF Web Applications for Employers](#) site.

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

- b. Call the Employer Services Bureau (ESB) WRS Unit at toll-free 1-877-533-5020, option 2, 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.

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

Note: University of Wisconsin “university staff” are not included in the UW faculty and academic staff ICI plan. Instead, they are included in the same plan as state employees from other agencies.

203 Job Changes and Transfers Between State Agencies

If an insured employee changes jobs and transfers from one state agency to another state agency *under a different payroll center*, a new enrollment must be completed in My Insurance Benefits under the new agency within 30 days of the move to prevent coverage from lapsing. Refer to the [employer procedures](#).

Examples of job changes between payroll centers:

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

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

Job changes **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.) For more information about job changes between payroll centers and enrollment, see Appendix A.

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 the employees are eligible to apply for ICI coverage. 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 301 for information on EOI and Deferred Coverage.) Also see Appendix A - ICI Eligibility and Premium Rules Table for more information on determining premiums. See scenarios under *Employees with Prior State Service*.

- 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 unpaid 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 contributions) from WRS and returns to covered employment	Yes (must enroll in ICI benefit through My Insurance Benefits or complete paper application within 30 days of return to work)	First of the month that the 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 enroll in ICI benefit through My Insurance Benefits or complete paper application within 30 days of return to work)	First of the month that the 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? <i>(Applies only to UW Faculty & Academic Staff)</i>
1.	Goes on unpaid LOA, allows coverage to lapse, and returns to covered employment with the same employer	Yes	First of the month that the 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	First of the month that the 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 (Enroll using <i>My Insurance Benefits</i> or file a paper application with employer within 30 days of return to work.)	First of the month that the 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)	First of the month that the 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 (Enroll using <i>My Insurance Benefits</i> or file a paper application with employer within 30 days of return to work.)	First of the month that the first occurs during the 30-day enrollment period.	Yes
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205 Leaves of Absence (LOA)

For ICI purposes, LOA refers to an *unpaid* LOA.

LOA for employee currently covered under ICI:

ICI-covered employees who take an unpaid 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 unpaid LOA who allow coverage to lapse will have their prior coverage reinstated by their employer once their LOA ends (see “Note” below). Refer to the [employer procedures](#) for more information.

Coverage will be effective the first day of the month on or after the employee’s LOA ends. Premiums resume in the same amount as before the LOA, unless an annual premium or salary adjustment has occurred in the interim. The premium category should remain the same as prior to the LOA. For more information about employees returning from a leave of absence and enrollment, see Appendix A.

Note: Per Wis. Stat. § 40.02 (40), an unpaid 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, but does not work enough for his or her LOA to be considered ended, they would not be eligible to be re-enrolled in the ICI program until such time that their LOA is considered ended.

206 Change to LTE, Project or Other Employment Status

An insured employee whose employment status changes, for example, from an LTE position to a project position, and remains eligible for WRS, can continue coverage under the ICI Program. When an insured employee’s percentage of appointment changes, a new estimated salary for the ensuing 12 months must be calculated, and premiums must be adjusted accordingly. For more information about job changes and enrollment, see Appendix A.

207 Move into or out of UW Faculty/Academic Staff Positions

Note: University of Wisconsin “university staff” are not included in the UW faculty and academic staff ICI plan. Instead, they are included in the same plan as state employees from other agencies.

When an employee has a change in employment that results in a switch from a “university staff,” or a position at another state agency, 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. “University staff,” or a position at another State agency, to UW faculty/academic staff (*Previously Insured*)

- a. ICI coverage can be continued.
 - b. The employee must enroll in the ICI benefit through My Insurance Benefits or file a paper application within 30 days of becoming UW faculty/academic staff and select an elimination period of 30, 90, 125 or 180 calendar days.
 - c. An estimate of the employee's salary for the next 12 months should be used for premium purposes.
 - d. They are eligible for the employer contribution if they have at least one year in state service.
2. "University staff," or a position at another State agency, to UW faculty/academic staff (*Previously Uninsured*)
 - a. The employee is eligible to enroll immediately.
 - b. The employee must enroll in the ICI benefit through My Insurance Benefits or file a paper application within 30 days of becoming UW faculty/academic staff and select an elimination period of 30, 90, 125, or 180 calendar days.
 - c. An estimate of the employee's salary for the next 12 months should be used for premium purposes.
 - d. They are eligible for the employer contribution if they have at least one year in state service.
3. UW faculty/academic staff to "University staff" or a position at another State agency (*Previously Insured*)
 - a. ICI coverage will be continued.
 - b. The employer will reinstate the employee's prior coverage. .
 - c. The premium category (1-6) will depend on the amount of sick leave the employee has accumulated.
 - d. An estimate of the employee's salary for the next 12 months should be used for premium purposes.
4. UW faculty/academic staff to "University staff" or a position at another State agency (*Previously Uninsured*)
 - a. Evidence of Insurability is required unless the employee is eligible for deferred coverage during an annual open enrollment period.

For more information on employees moving between UW faculty/academic staff to "University staff," or a position at another State agency, see Appendix A.

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 employer will reinstate the employee's prior coverage. The premium category would remain the same as the category the employee was in prior to their discharge. UW faculty/academic staff may keep the same elimination period they previously had, or they may elect a longer elimination period.
- The effective date of the insurance is determined as if the employee were hired on the date of the reinstatement. Coverage becomes effective the first day of the month on or after the employee's date of reinstatement.

Refer to the [employer procedures](#) for more information.

Chapter 3 — Enrollment and Application

- 300 Applying for Income Continuation Insurance — New Employee
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- 302 UW Employees with Positions in More than One WRS Employment Category
- 303 Employee Completion of the *Income Continuation Insurance Application* (ET-2307)
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- 305 Enrollment Period (or paper application due date) and Effective Date of Coverage
- 306 Distribution of Copies
- 307 Instructions for Completing the *Evidence of Insurability Instructions — Income Continuation Insurance* (ET-2308)

300 Applying for Income Continuation Insurance — New Employee

The Income Continuation Insurance (ICI) Program is available to all eligible state employees (see subchapter 200). The procedure for enrolling a new employee in coverage can be found in the [employer procedures](#).

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 instructions on how to complete ICI enrollment in My Insurance Benefits using their Okta account. An eligible employee may enroll by submitting their enrollment through My Insurance Benefits system or filing a completed paper ICI application with their employer no later than 30 days following the employee's initial ICI eligibility date. The employer must complete the employer information section on any submitted paper applications and enroll their employee in the ICI benefit in the My Insurance Benefits system within 30 days.

301 Three Enrollment Opportunities

There are three opportunities for an eligible employee to enroll in the ICI Program. Refer to the [employer procedures](#) for additional instructions on how to process each type of enrollment.

1. Initial Enrollment Period

An eligible employee as defined in Chapter 2, must enroll in ICI coverage by submitting their enrollment through My Insurance Benefits system or filing a completed a paper application (see subchapter 303) with 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). A completed online enrollment or paper application is required whether the employee is enrolling in coverage or declining coverage.

Coverage will 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. For more information about new hire enrollment, see Appendix A.

These processes and more are outlined in the [employer procedures](#).

Employees with More than One WRS-Covered Position

Employees with more than one position under different payroll centers must enroll with each payroll center.

Effective Date of Coverage

The following chart gives a few examples of hire dates, the last day an employee may elect coverage in My Insurance Benefits (or return a paper application to their employer), and effective dates of ICI coverage.

Hire (WRS Eligibility) Date	ICI Enrollment 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

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 enroll in ICI coverage without submitting evidence of insurability. Employees who previously had ICI coverage, but canceled it, will have an opportunity to re-enroll through deferred coverage as long as they had not previously been offered a deferred enrollment opportunity into the same premium category. 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 and the [employer procedures](#) for additional instructions.)

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.

The employer must identify all employees eligible for deferred enrollment in January each year. The employer then submits to ETF an annual file with all employees eligible for deferred enrollment. The eligible employee must use the My Insurance Benefits system to either enroll in or waive the ICI benefit. The eligible employee must complete their ICI enrollment or waiver in My Insurance Benefits on or before March 1. Coverage is effective April 1.

Note: Plan language states that “deferred coverage” enrollments 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. (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.

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

The UW must identify all employees eligible for deferred enrollment. The UW submits to ETF a file with all employees eligible for deferred enrollment. The employee must use the My Insurance Benefits system to either enroll in or waive the ICI benefit. The enrollment must be completed no more than 60 days after the date the employee completed their one-year state service requirement. Coverage is effective the first of the month that first occurs during the 60-day enrollment 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.

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 \(ET-2308\)](#) and **forwarding it directly to ETF**. The *Evidence of Insurability Application* is also required for insured UW faculty and academic staff wishing to select a shorter elimination period. Refer to the [employer procedures](#) for additional instructions.

Note: Please see Appendix A (ICI Eligibility & Premium Rules Table) for information on determining premium category and earnings to use for premium purposes.

Eligible employees (actively employed and not on leave of absence or layoff) may apply at any time 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. **Therefore, the employer should not request a copy of the**

application or keep one on file. 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. If the application is approved, ETF will update the employee's ICI enrollment in My Insurance Benefits.

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*.)

302 UW Employees with Positions in More than One WRS Employment Category (i.e. General and Teacher)

Per State ICI Plan Language, section 2.02 (2) (c):

If an EMPLOYEE at the UW is employed in both a University Staff position and a WRS-eligible UW Faculty or Academic Staff position, upon electing coverage, they must be enrolled in the UW FACULTY PLAN. The EMPLOYEE's combined earnings from both positions will be used to determine ICI premiums and benefits.

Use the following table to determine which plan to enroll employees in.

UW Employees with Positions in More than One WRS Employment Category (i.e. General and Teacher)

Is Position WRS-Eligible on its own?		Position with More Hours	Employee Categories Reported to WRS [^]	ICI Plan Enrollment
Univ. Staff	Fac/Acad Staff			
YES	YES	(Equal)	<i>Both</i>	<i>Faculty</i>
YES	YES	Fac/Acad Staff	<i>Both</i>	<i>Faculty</i>
YES	YES	Univ. Staff	<i>Both</i>	<i>Faculty</i>
NO	YES	Fac/Acad Staff	<i>Teacher</i>	<i>Faculty</i>
YES	NO	Univ. Staff	<i>General</i>	<i>State</i>
NO*	NO*	(Equal)	<i>Teacher</i>	<i>Faculty</i>
NO*	NO*	Fac/Acad Staff	<i>Teacher</i>	<i>Faculty</i>

NO*	NO*	Univ. Staff	General	State
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*combination of hours from both positions makes employee WRS-eligible

^ See subchapter 402 of the [Wisconsin Retirement System Administration Manual \(ET-1127\)](#) for rules on determining if a position is WRS-eligible and instructions on reporting earnings.

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

If an employee cannot enroll in ICI using the My Insurance Benefits system, they may enroll by completing a paper [Income Continuation Insurance Application \(ET-2307\)](#) and returning it to their employer.

On page 1 of the paper ET-2307, the employee should:

1. Check the box indicating the election of ICI coverage, the choice not to elect coverage, or the desire to cancel coverage.
2. Indicate the most recent state agency at which the applicant was previously employed, if any, and the dates of employment. If none, indicate "NA".
3. UW Faculty/Academic Staff Only:
 - a. Select an elimination period.
 - b. Select when coverage should become effective (i.e., as soon as possible, or when state contributes toward premium).
4. Sign, date and enter their daytime telephone number.
5. Return application to employer.

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

Employers must complete page 2 of the paper ICI application and enter any New Hire enrollments in the My Insurance Benefits System on their employee's behalf. If the application is being submitted for employer error review or to reinstate lapsed coverage, the employer must also complete page 2. The employer will complete the following items on the Income Continuation Application. (Refer to the sample form at the end of this subchapter.)

- **Date application provided to employee** — The date the employer gave the paper application to the employee.
- **Date received from employee (mm/dd/yyyy)** — The date the employer received the employee's completed paper application.
- **Indicate the reason** for submitting the paper 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.
 - ☐ **Enrollment through employer error provision:** Check this box for employees enrolling outside of a normal enrollment period due to an employer error (see Chapter 10).
 - ☐ **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:
 - ☐ 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.)
 - **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.
 - **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/YYYY)** — Indicate the coverage effective date, which is the first of the month that first occurs during the 30-day enrollment period. For example, coverage is effective on the:
 - First of the month for employees whose enrollment period begins on the first of the month.

- First of the *following* month for employees whose enrollment period begins on the second through the 31 of the month.

For UW faculty & academic staff applying upon completion of 1-year of state service (i.e. through deferred coverage), the effective date is the first of the month that first occurs during their 60-day enrollment period.

For employees *other than UW faculty & academic staff* who are applying during the deferred coverage enrollment period, coverage is effective April 1.

305 Enrollment Period (or paper application due date) and Effective Date of Coverage

The following table provides guidelines for determining the length of the ICI enrollment period (or the date the *Income Continuation Insurance Application* (ET-2307) is due to the employer) and ICI coverage effective dates for specific employment situations. (Refer to subchapters 201 and 204 for information on ICI eligibility dates.)

Refer to the [employer procedures](#) for additional details.

	Employment Situation	Application Type	Enrollment Period (or paper application due date)	Coverage Effective Date
New	New state employee – no previous service OR Employee with previous service who returns after a greater-than-30-day break in service.	My Insurance Benefits enrollment or <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 Annuitant	Rehired WRS annuitant electing WRS coverage by submitting completed ET-2319.	My Insurance Benefits enrollment or <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.
Leaves	Previously insured employee returning from LOA/military leave during which coverage lapsed.	<i>Paper ICI Application</i> (ET-2307)	Within 30 days of return to work from LOA/military leave.	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.	First day of the month on or following the date the <i>Evidence of Insurability</i> application is approved.
UW Faculty	New UW Faculty/ Academic Staff, with no previous service – no employer contribution.	My Insurance Benefits enrollment or <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.	My Insurance Benefits enrollment or <i>ICI Application</i> (ET-2307)	60 days following completion of one year state service.	First of month which occurs on or following the employee's completion of one year of state service.
	Insured state employee transferring to UW Faculty/Academic Staff*. (See Subch. 207 for information on eligibility for currently <i>uninsured</i> state employees moving to a UW Faculty/Acad Staff position.)	My Insurance Benefits enrollment or <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.

	Employment Situation	Application Type	Enrollment Period (or paper application due date)	Coverage Effective Date
Miscellaneous	Previously insured employee reinstated due to arbitration.	My Insurance Benefits enrollment or <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/Academic Staff) employee becomes eligible for premium category 3 – 5 for first time, or in any year the employee has 1040 hours of accumulated sick leave.	My Insurance Benefits enrollment or <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.	First day of the month which occurs on or following approval of <i>Evidence of Insurability</i> application.

* 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

Unless filing electronically, the following requirements pertain to the distribution of paper ICI application copies:

1. Once the “Employer Section” is completed, make two photocopies of the paper application. Employers must retain the original for verification purposes.
2. Provide the employee with the copy for their records.

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

The *Evidence of Insurability Application* provides additional opportunities for employees to enroll in the ICI Program if coverage was previously declined, canceled, 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.

Employer Responsibilities:

1. Review the eligibility criteria outlined in subchapter 200 to determine if the employee is eligible to apply for ICI coverage.
2. Provide the eligible employee with a copy of the [Income Continuation Insurance \(ET-2106\)](#) brochure, explaining the ICI Program.
3. On the *Evidence of Insurability Application* — complete the employee’s 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.

Employee Responsibilities:

1. Follow the directions on the *Evidence of Insurability Application*. 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 directly 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*.

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

Approval/Denial:

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*.

For approved applications:

1. The effective date of coverage will be the first of the month following the date the application is approved. Premiums are due from that day forward. Please see Appendix A (ICI Eligibility & Premium Rules Table) for information on determining premium category and earnings to use for premium purposes.
2. ETF will update the employee's ICI enrollment in My Insurance Benefits.

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. If the reconsideration results in a denial, the employee has the right to request a subsequent review 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 the original denial.

Chapter 4 — Employee and Employer Premiums

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

400 Basis for Premium Contribution Rates

Income Continuation Insurance (ICI) premiums for state employees are 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 be placed in Category 1 and therefore will not be eligible for the state share of the premium. Their premium will be based on their earnings level.

ICI premiums for UW faculty and academic staff are based on their earnings level and their selected elimination period of 30, 90, 125, or 180 days. *Note:* University of Wisconsin “university staff” are not included in the “UW faculty and academic staff” ICI plan. Instead, they are included in the same plan as state employees from other agencies.

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. *(See notes below this table for further instructions.)*

Event	Employee Enrollment Required?	Earnings to be Used
New Hire (no previous WRS service, or a prior state employee who had a break in service of at least 30 days)	Yes	Estimated
Enrolling during Deferred Enrollment Period or through Evidence of Insurability Employee has full year of earnings in previous CY (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 or through Evidence of Insurability Employee does not have full year of earnings in previous CY (due to being newly hired or having an unpaid leave), or employee had a permanent change percentage of appointment since the beginning of previous CY	Yes	Estimated
Returning from an unpaid Leave of Absence or Military Leave , during which time ICI coverage lapsed	No (Employer will reinstate prior coverage.)	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 Employee moving between payroll centers (e.g. between a STAR and non-STAR agency)	No	Estimated
Job change <u>No</u> 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 and rounded to the next higher thousand. 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 up to the next higher thousand.

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. Please see Appendix A (ICI Eligibility & Premium Rules Table) for more information on determining premium category and earnings to use for premium purposes.

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, with the exception of employees who are currently in categories 4, 5 or 6. Please see "Premium Plateaus" below for more information. 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 (see below for part-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 and, therefore, is no longer eligible for category 3. Unless the employee has enough sick leave to qualify for premium category 4, they will fall back into either premium category 1 or 2, depending on their *total* accumulation of sick leave. If the employee once again accrues 80 hours of sick leave in the following year, they will move 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:

$$80 \times \text{percentage of full-time appointment.}$$

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.

Employees who reinstate within five years of terminating previous state employment — If an employee had ICI coverage and was in a "permanent plateau" at the time they terminated their previous employment, they should be placed back into the same premium category (regardless of the restored sick leave

balance). If the employee was not in a “permanent plateau” at the time they previously terminated, they should be placed into the applicable premium category based on the restored sick leave balance. A rehired employee can be placed into Premium Category 3 if they had increased their accumulated sick leave balance by 80 hours or more (or a prorated amount for part-time employees) in the calendar year *immediately preceding* the year in which they were rehired.

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 ICI premium rates will be communicated to employers by means of an *Employer Bulletin*.

401 Monthly Premium Rates

See ETF’s website for current rates on the [ICI Rate Tables](#) page.

402 Employer Premium Contribution

State Employees — Employer Contribution:

For state employees, eligibility for an employer premium contribution 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 employer’s share of the premium is based on the premium category the employee falls under.

Premium Category	Employer Contribution Percentage Factor
1	No employer share – Employee pays all
2	No employer share – Employee pays all
3	67% of total premium
4	77% of total premium
5	85% of total premium
6	Employer pays 100% of premium

UW Faculty and Academic Staff — Employer Share:

No employer 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.

403 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 April 1. These updates reflect any premium rate changes approved by the Group Insurance Board, along with **earnings updates** and **premium category changes** (if applicable). See Appendix A for more information about the Annual Premium Review Process and how various events will affect it.

Earnings Updates:

Earnings for ICI premium calculation purposes are based on the employee's WRS-reported earnings in the prior calendar year, *rounded up to the next higher thousand*.

Exceptions:

- For employees who were **newly hired**, employers should continue to use the employee's previously projected WRS earnings amount until such time that the employee has a full calendar year of WRS-reportable earnings.
- For employees who have had a **permanent change in percentage of appointment** since January 1 of the previous year, employers should continue to use the employee's 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, employers should 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-reportable earnings unless they had a permanent change in their percentage of appointment upon return to work. If the employee's appointment percentage changed, their earnings for the next 12 months should be projected.

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 was on an unpaid leave of absence (LOA) in the prior calendar year should remain in the same premium category as they were in prior to the LOA until the time of the next annual review.

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.

Premium Category 3 Eligibility – Employees with Percentage of Appointment Changes in the Prior Calendar Year

Part-time employees are eligible for Premium Category 3 on a prorated basis. (See subchapter 400 for additional information.)

A full-time employee must accrue an additional 80 hours of sick leave in a year (out of the 130 hours earned in a normal year) in order to move into or stay in Premium Category 3

for the next year. Eighty (80) hours is approximately 61.54% of the 130 hours earned (80 divided by 130). **NOTE:** For agencies whose full-time employees earn less than 130 hours of sick leave per year, the denominator in the fraction below should be equal to the number of sick leave hours that a full-time employee in your organization would earn per year. See Example 2 below.

For an employee who had a *permanent* change in their percentage of appointment during the prior calendar year, use the following formula to determine the number of sick leave hours the employee would have had to accrue in the prior calendar year in order to be eligible for Premium Category 3 in the new year:

$$\frac{80}{130} \times \text{Hours of sick leave earned in prior calendar year}^* = \text{Accrued Hours Needed for Premium Category 3}$$

** This is assuming the employee was not on an unpaid leave of absence in the prior calendar year. An employee who was on an unpaid leave in the prior calendar year should not have their premium category updated until they've been in pay status for a full calendar year.*

Example 1:

An employee in a 50% position for 10 pay periods (earning 25 hours of sick leave) moved to a 100% position for the remaining 16 pay periods (earning 80 hours of sick leave). They earned a total of 105 hours of sick leave in the prior calendar year.

Therefore, this employee would have to accrue 64.62 hours in the prior calendar year in order to be eligible for Premium Category 3:

$$\frac{80}{130} \times 105 = 64.62 \text{ hours}$$

Example 2:

A full-time employee of Agency Z earns 4 hours of sick leave per pay period, a total of 104 hours per year.

An employee in a 50% position for 10 pay periods (earning 20 hours of sick leave) moved to a 100% position for the remaining 16 pay periods (earning 64 hours of sick leave). They earned a total of 84 hours of sick leave in the prior calendar year.

Therefore, this employee would have to accrue 64.62 hours in the prior calendar year in order to be eligible for Premium Category 3. *(This is assuming the employee did not have an unpaid leave in the prior calendar year. See * above if employee had an unpaid leave.)*

$$\frac{80}{104} \times 84 = 64.62 \text{ hours}$$

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.)

The employer must identify all employees eligible for deferred enrollment in January each year. The employer then submits to ETF an annual file with all employees eligible for deferred enrollment. The eligible employee must use the My Insurance Benefits system to either enroll in or waive the ICI benefit. The enrollment must be completed on or before March 1 for coverage effective April 1.

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

Chapter 5 — Monthly Premium Report

500 Completing the Monthly Premium Report Group Income Continuation Insurance (ET-1611) for State Employee Plan

501 Premium Remittance

502 Online Payments

503 Due Date

504 Late Reporting Interest Charge

505 Permanent Change in Percentage of Appointment

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 is available as a resource for employers wishing to keep track of their employees' ICI enrollments. It does not need to be sent to ETF. This form provides a detailed breakdown of employee and employer premium contributions by elimination period. The report is available on the [ETF website](#). This form provides a detailed breakdown of employee and employer premium contributions and premium category. (Refer to the sample form in subchapter 501.)

The Monthly Premium Report Group Income Continuation Insurance is available on the [ETF website](#). (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 premium contributions by premium category.
- 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 employer contribution totals for premium categories 3 – 5 based on the calculations listed on form. (The employer contribution 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.
- 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. 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 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 Premium Remittance

ICI premiums will appear on the employer’s Certifi invoice available for review from the My Insurance Benefits system.

Refer to the [employer insurance procedures](#) for instructions on how to pay the invoice using the Employer Payment Application (EPA) or via STAR’s Inter-Unit billing process.

502 Online Payments

Employers can pay ICI premiums in the Employer Payment Application (EPA) or via STAR's Inter-Unit billing process. To pay ICI premiums using the EPA, employers must have a completed [Online Network for Employers Security Agreement \(ET-8928\)](#) on file with ETF.

For instructions on how to make your premium payment, see the [employer insurance procedures](#).

503 Due Date

Premium remittances are due 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 (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 does not meet the due date obligation — ETF must be able to electronically receive the amount on or before the due date.

504 Late Reporting Interest Charge

Interest is assessed at the rate of 0.04% of the total premium amount due **for each day** from the original due date through the date the invoice is paid. The minimum interest assessment is \$3. Interest charges **cannot** be waived per Wis. Stat. § 40.06 (3).

505 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. The premium adjustment must be made within 30 days of the change in percentage of appointment.

If the premium adjustment is not made within this 30-day period, payment of the additional premium — or refund of overpaid premium — must be made retroactive to the month of the change.

Premiums are adjusted as of the first 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, the adjustment will appear on the next month's Certifi invoice.

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 = \$ 2,166.67 per month.
2. New appointment effective February 1, employee earnings at 100% time = \$4,333.33 per month.

ICI premiums for February coverage were paid in the month of February, by February 24. If the change in appointment was entered before the February invoice was paid, the change in premium was reflected on the February invoice and paid that month.

If the appointment change was not entered until after the February invoice was paid, premiums for March will 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	<u>- 5.32</u>
February Adjustment	\$ 5.10 Increase

February's premium adjustment of \$5.10 (along with any other employee premium adjustments for that month) must be paid by March 24 using the Employer Payment Application (EPA) or via STAR's Inter-Unit billing process.

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
- Death

The employee does not need to complete a cancellation in My Insurance Benefits or file an [Income Continuation Insurance Application \(ET-2307\)](#) in order to cancel ICI coverage for any of the above events. The employer must report the employment status change to ETF using the ETA. 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, even though coverage ended on March 12.

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 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 will have their prior coverage reinstated by their employer.

Refer to the [employer insurance procedures](#) for instructions.

602 Cancellation of Coverage

An employee may choose to cancel coverage at any time. However, once coverage is canceled, 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 coverage is cancelled in My Insurance Benefits or 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.

Refer to the [employer insurance procedures](#) for instructions.

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

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

In order to receive ICI benefits, the claimant must have had ICI coverage in effect on the date they were first disabled. The claimant must be totally and continuously disabled throughout the entire elimination period. ICI premiums must be continued in full until the employer receives notification that premiums are being waived.

ICI benefits are first payable on the calendar day *following* the last day of the elimination period or the last day for which sick leave is payable (up to a maximum of 130 days), whichever is later. Benefits continue to be payable 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.

Note: 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.

702 Determining Dates of the Elimination Period

The third-party administrator determines the begin date of the elimination period.

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.

B. The First Day of the Elimination Period

If the claimant saw a physician for the medical condition on or before their last day worked and the physician indicates that the medical condition meets the plan's disability definition, the elimination period may begin the day following the last day worked.

If the claimant did not see a physician for the medical condition on or before their last day worked, the claimant must be examined by a physician after ceasing work to determine whether the medical condition meets the plan's disability definition. The elimination period will begin on the date the physician indicates that the medical condition meets the plan's disability definition but may be no earlier than the day after the last day worked.

To determine the elimination period, the third-party administrator will begin with the first date of disability or the day after the last day worked, whichever is later, and count consecutive calendar days to the end of the elimination period.

C. The First Date of ICI Benefits

The ICI benefit will begin after the employee exhausts their sick leave* up to a maximum of 130 working days or serves their elimination period, whichever is longer. 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.

* *Exception:* The requirement to exhaust sick leave is waived if the employee applies for a WRS disability benefit (Disability Retirement or Duty Disability). The employee can choose to bank their sick leave at the time they file an ICI claim, but they must ultimately be approved for the WRS disability benefit; if not, they will have an overpayment due to receiving ICI benefits before exhausting their sick leave.

Note: Any vacation, holiday, or compensatory time used after the employee's ICI benefits become payable must be reported to ETF on the [Income Continuation Insurance Report of Employment and Earnings \(ET-5901\)](#).

D. Effect of Sick Leave on the Elimination Period

If the employee's sick leave balance extends beyond 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, a copy of the work schedule should be sent with the *Income Continuation Insurance Employer Statement* (ET-5351).

If an employee is 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.

If the claimant has terminated all WRS employment, and, therefore, no longer has use of accumulated sick leave, the sick leave exhaust date will be considered to be the same as the claimant's termination date.

Employee Who is Receiving Workers Compensation:

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

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 workdays (skipping weekends and holidays), starting with the first day absent.

For a person who 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.

703 Earnings for Benefit Payment Purposes

The average monthly earnings used to calculate ICI benefits will be the previous calendar year's WRS-reportable earnings, rounded to the next higher thousand and divided by 12. Exceptions:

- a. If the employee is newly hired or had a permanent change in percentage of appointment that is not accurately reflected in the previous year's earnings, the estimated annual base salary earnings that were used to determine the most recent premiums will be rounded to the next higher thousand and divided by 12. That projection shall be the basis for establishing average monthly earnings for the determination of benefits.
- b. If the employee has had a permanent change in their rate of pay but had no change in their percentage of appointment, the average monthly earnings shall be based on either a new projection using the new rate of pay OR the total WRS-reported earnings from the previous calendar year, whichever is higher. Employers must report all new earnings projections on the *ICI Employer Statement* (ET-5351).
- c. If the employee returns to employment after a period of disability or authorized leave and then goes out on a new disability, earnings shall be the same as those used for the prior disability/authorized leave OR the total WRS-reportable earnings from the previous calendar year, rounded to the next higher thousand and divided by 12. Use whichever amount is higher.

704 Benefit Payments

Following completion of the claimant's elimination period and exhaustion of required sick leave time, 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 a benefit period that is 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

$$\$5,833.33 \times 75\% = \$4,375.00$$

- 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

$$\$4,375.00 \div 30 = \$145.83 \times 20 \text{ (days in partial month)} = \$2,916.60$$

Note: The maximum monthly benefit payable is \$7,500.

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.

Benefits are paid through an electronic deposit. 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.

706 Continuation of Benefit

As long as the claimant remains disabled, benefits will continue to be paid, even if the claimant terminates their WRS-covered employment. The program's third-party administrator periodically requests additional medical information to determine whether the claimant remains disabled. The frequency of these requests depends on the nature and expected duration (based on industry standards) of the disability.

707 Maximum Duration of Benefits

ICI benefits are normally 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, if a claimant's first date of disability is after their 60th birthday, benefits will be payable for a period of 5 years from their date of disablement.

The maximum duration of benefits for disabled, insured employees is:

Age on Date of Disability	Maximum Duration of Benefits from Date of Disablement
On or before 60 th birthday	To age 65
After 60 th birthday	5 years

Pregnancies:

The duration of disability for a woman who has a normal, vaginal delivery is considered to be six weeks from the date of delivery (eight weeks for an uncomplicated cesarean delivery). These time periods are standard durations used in the disability industry. However, if a claimant has complications prior to or after delivery, ICI benefits may be paid longer, depending on whether the complication is considered disabling.

As with any disability claim, the claimant must serve their elimination period prior to receiving an ICI benefit. If the claimant has sick leave that extends beyond their elimination period, their sick leave would have to be exhausted prior to a benefit being paid. It's possible, depending on the amount of sick leave the claimant has at the time, that they would not receive any ICI benefits for a pregnancy.

708 Offsets Due to Income from Other Sources

ICI benefits are reduced by the gross amount of income from other sources, such as other WRS disability, retirement or separation benefits. Claimants must apply for any other available benefits for which they may be eligible.

Other income sources include:

- 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. This includes business and self-employment income.
- Unemployment compensation.

The ICI third-party administrator determines whether claimants are required to apply for other benefits based on medical evidence. 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 the other source(s).

If an employee returns to work in an appointment less than their pre-disability appointment, the employer is required to report any part-time earnings as indicated in subchapter 900.

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

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 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.

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 to reopen their claim:

- 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 long-term disability ICI benefits if their 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, and approved by, the Division of Vocational Rehabilitation (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 on a dollar-for-dollar basis at the time paid. Earnings from

unapproved rehabilitative employment reduce the claimant's ICI benefit amount on a dollar-for-dollar basis.

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. Therefore, ICI benefits received during the first six months include the Social Security (FICA) withholding deduction. The percentage of the benefit subject to Social Security withholding is equal to the percentage of the gross premium paid by the employer.

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. 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.

Claims should not be filed prior to an employee's last day worked; however, exceptions are made in cases of scheduled surgery or impending childbirth. Under these circumstances, a claim may be filed up to thirty (30) days prior to the employee's last day at work. 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.

Note: Employees who file a workers' compensation claim should also file an ICI claim as soon as possible. They should not wait until they have a workers' compensation determination, or they may miss out on ICI benefits.

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 Employer Statement \(ET-5351\)](#) to the employer. The employer must complete the information requested on the form.

After completion of the Income Continuation Insurance Employer Statement, 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, uploaded to ETF's secure Form Submissions portal (Box), or faxed to 1-608-267-4549.

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 ICI Program's third-party administrator will notify the employer whether the claim has been approved or denied and whether ICI premiums will be waived or not. The third-party administrator will also notify the employer of the date on which the claim is terminated and when ICI premiums should resume.

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

804 Waiver of Premium

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

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

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.

Chapter 9 — Claimant Change in Work Status

900 Change in Work Status 901 Reporting Earnings from Part-Time Employment and Worker's Compensation Temporary Benefits

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.

To complete the *Income Continuation Insurance Report of Employment and Earnings*, follow the instructions on the back of the form.

Direct questions regarding claims and benefit eligibility to the third-party administrator. (Refer to subchapter 104.)

Send ETF a copy of the *Income Continuation Insurance Report of Employment and Earnings* (and any attachments) using one of the following methods:

- Fax to ETF at 608-267-4549.
- Upload to [ETF secure Forms Submission portal \(Box\)](#).
- Mail to ETF, P.O. Box 7931, Madison WI 53707-7931.
- Email ETF at ETFWEB@etf.state.wi.gov.

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 ICI benefit becomes payable. 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.

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.

901 Reporting Earnings from Part-Time Employment and Worker's Compensation Temporary Benefits

Employers must complete an *Income Continuation Insurance Report of Employment and Earnings* (ET-5901) form and submit it to ETF after each payroll period during which an ICI claimant performed any part-time work or received workers' compensation temporary

benefits. Report earnings from part-time employment based on the earnings check date. Report workers' compensation temporary benefits based on the period covered (not the workers' compensation check date). Continue to send this form each payroll period until you are notified that the ICI claim has been terminated.

Direct questions regarding claims and benefit eligibility to the third-party administrator. (Refer to subchapter 104.)

Send ETF a copy of the *Income Continuation Insurance Report of Employment and Earnings* (and any attachments) using one of the following methods:

- Fax to ETF at 608-267-4549
- Upload to [ETF secure Forms Submission portal \(Box\)](#).
- Mail to ETF, P.O. Box 7931, Madison WI 53707-7931
- Email ETF at ETFWEB@etf.state.wi.gov

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 How to Avoid Employer Errors

1000 Statutory and Contractual Provisions

Wis. Stat. § 40.61(5) permits coverage to be obtained without requiring the employee to provide evidence of insurability under certain circumstances.

An ICI 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 indicating the employer did not advise the employee of eligibility or provide an application form;
- 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).
- D. No more than three years have elapsed since the date of the employee's initial eligibility for ICI.

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.

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.
- If an employee completed an application and submitted it to their employer within their initial eligibility period, they have ICI coverage and no employer error request is needed. Submit the application to ETF and collect all back premiums owed if deductions were not started by the employer or they were erroneously stopped. All past due premiums must be remitted to ETF.

1001 Types of Employer Errors that Can be Corrected

The table below lists different types of errors that employers could make and indicates how the errors should be resolved:

Scenario Number	Was an Application Completed and Received by the Employer Timely?*	Were Premiums Deducted?	Is Employee Considered to have ICI Coverage?	New Application Required?	Coverage Effective Date	What Needs to be Done?
1	YES	NO	YES	NO	First of the month that first occurs during the 30-day enrollment period	Past due premiums must be submitted to ETF.
2	NO. The employer neglected to offer enrollment opportunity	NO	NO	YES	First of the month on or after the date the employer receives the completed application and upon approval by ETF.	Employer must furnish application to Employee. Employee must complete and return application to Employer within 30 days.†
3	NO. The employer neglected to offer enrollment opportunity	YES	YES	YES	The date for which premiums were first paid.	Employer must furnish application to Employee. Employee must complete and return application to Employer within 30 days.‡
4	N/A. New application not required. The employee returned from LOA; ICI coverage continued during LOA, or premiums were waived while employee received ICI benefits.	NO; employer fails to re-start ICI deductions.	YES	NO	(No break in coverage.)	Past due premiums must be submitted to ETF. <i>(Employee also has the option to cancel coverage back to the date the premiums lapsed as long as no ICI benefits were paid in the interim.)</i>
5	NO. The employee returned from LOA; ICI coverage lapsed while on LOA. Employer fails to offer re-enrollment opportunity.	NO	NO	YES	First of the month on or after the date the employer receives the completed application and upon approval by ETF.	Employer must furnish application to Employee. Employee must complete and return application to Employer within 30 days.†
6	NO. The employee returned from LOA; ICI coverage lapsed while on LOA. Employer fails to offer re-enrollment opportunity.	Yes; deductions resumed upon RTW.	YES	YES	(No break in coverage.)	Employer must furnish application to Employee. Employee must complete and return application to Employer within 30 days.‡

* regardless of if the employer submitted the application to the Dept. of Employee Trust Funds

† Employer must follow the “employer error” procedure in subchapter 1002. ETF will review and either approve or deny the application.

‡ Because premiums were deducted, the employee is considered to be insured. However, the employer must follow the same “employer error” procedure as outlined in subchapter 1002 when submitting the application to ETF.

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” along with 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. ETF will notify both the employer and employee of approval or disapproval of the coverage. ETF will enter the information in My Insurance Benefits if the Employer Error request is approved. Coverage will be effective on the first of the month on or following the date the employer received the application. If the employee had begun paying premiums within 60 days after becoming eligible, coverage will be effective retroactive to the first of the month for which the first premium payment was received.

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 form and inadvertently cancels coverage. (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 or, if eligible, by enrolling during a future deferred coverage enrollment period.

1004 How to Avoid Employer Errors

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:
Failure to provide Income Continuation Insurance information or an application to the employee within 30 days after the employee becomes eligible for coverage.	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.

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.)	Employers must offer ICI coverage to all WRS-eligible employees.
Unaware of WRS eligibility date, and reports WRS enrollment late.	<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>

Appendix A: State Income Continuation Insurance Eligibility and Premium Rules – Effective 07-01-2025 – for UWs ONLY (Rev. 6/10/2025)

The alpha-numeric notations in red refer to State ICI plan language provisions.

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
New Hire								
1	New hire – No previous state service (See Example #11 if employee is an LTE or Examples #26-29 if employee has previous state service)	N/A	Yes	Yes – within 30 days from date of hire	Projected earnings for the ensuing 12 months.	Annual Earnings Update – Bypassed until the employee has a full calendar year (CY) of earnings. Review & update category based on sick leave balance (if applicable).	Even though the earnings amount wouldn't change until the new EE has a full CY of earnings, they could move to Category 3 during the subsequent annual update period, provided the accumulated sick leave requirements are met.	Coverage effective the first day of the calendar month that first occurs during the 30-day enrollment period. 2.02 (4)
Job Change within Same Agency or Sponsor (Payroll Centers) - Salary Increase or Decrease								
2	Job change (with salary increase or decrease) at same agency or sponsor – no FTE change. Current coverage based on last year's WRS earnings (see "Comments" if employee on a projected salary)	NO	Can only enroll through EOI or deferred enrollment	NA	N/A	N/A		N/A
		YES	N/A - already enrolled	No – Coverage will transfer to new agency.	No coverage or premium change until Annual Premium Review. (Note: If employee has a subsequent ICI claim, their ICI <i>benefits</i> would be based on their new rate of pay or previous CY earnings – whichever is higher.)	**Annual Earnings Update – Adjusted based on previous CY earnings Review & update category based on sick leave balance (if applicable).	Job changes between State agencies under the same sponsor (payroll center) do not require a new enrollment, and there are no changes in premium or coverage unless the employee has a permanent change in percentage of appointment upon transfer. This information also applies to an employee whose coverage is based on a projected salary at the time of the salary increase/decrease. For premium purposes, the projected salary will remain in place until the employee has worked for a full calendar year and has a full calendar year of earnings.	N/A
Transfer Between State Agencies under Different Sponsors (Payroll Centers)								
3	Transfer to a Different State Agency under a	NO	Can only enroll through EOI or deferred enrollment	N/A	N/A	N/A		N/A

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
	Different Sponsor 2.03 (4) <i>(If moving to/from a UW Faculty or Academic Staff position, please see Example #18 or #19.)</i>	YES	N/A - already enrolled	No – Agency will transfer the coverage the employee had at previous employer.	Projected earnings for the ensuing 12 months. Remain in same category upon move to new position.	Annual Earnings Update - Bypassed until the employee has a full calendar year of earnings at the new agency. *Review & update category based on sick leave balance.	* If an employee moves to an agency that does not allow them to use their sick leave from previous State employment, eligibility for Premium Category 3 at the time of the annual review will only be based on the sick leave the employee earned in the prior year at their new employer.	New earnings projection goes into effect the first of the month on or after the date of transfer.
Appointment Percentage / FTE Changes								
4	FTE increase or decrease <i>[Any permanent change to appointment percentage]</i>	NO	Can only enroll through EOI or deferred enrollment	N/A	N/A	N/A		N/A
		YES	N/A - already enrolled	No	Projected earnings for the ensuing 12 months at the new appointment percentage. 2.11 (2) (a) If coverage already based on projected earnings at time of FTE change, must update projected earnings based on FTE change.	Annual Earnings Update - Bypassed until the employee has a full calendar year of earnings at current FTE %. Review & update category based on sick leave balance (if applicable).	If someone has a <i>temporary</i> FTE change, is on a partial LOA or is working a reduced schedule on a temporary basis while on FMLA or Workers Comp, ICI coverage is NOT adjusted and coverage is NOT based on a projected salary.	New coverage amount effective the first day of the calendar month which occurs on or following the effective date of the change in appointment.
Leave of Absence (including Military Leave)								
5	Employee returns from unpaid LOA (or Military Leave); Did not have coverage prior to LOA	NO	No*; There is no new enrollment opportunity upon return from LOA. <i>(*See “Comments” for exception.)</i> Can only enroll through EOI or deferred enrollment	N/A	N/A	N/A	<i>If the employee did not previously have coverage, but, while on leave, met eligibility to enroll during the annual Deferred Coverage Enrollment period, they can enroll by electing coverage within 60 days of returning to work. Coverage would be effective the first day of the calendar month that first occurs during the 60-day enrollment period, but no earlier than April 1st of the year in which the employee was eligible to enroll. 2.03 (2) (f) & (i)</i>	N/A

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
6	Employee returns from unpaid LOA (or Military Leave), did NOT receive ICI benefits, and ICI coverage did NOT lapse while on LOA	YES	N/A - already enrolled	No	Earnings and premium category remain the same throughout the LOA. Upon return to work, coverage earnings amount and premium category remain the same until employee works full CY (unless there has been a permanent change in the employee's percentage of appointment). 2.05 (4)	Annual Earnings Update - Bypassed until the employee has a full calendar year of earnings. No change in Category until employee has worked full CY. 2.05 (4), 2.10 (3) Premium should be adjusted based on the new premium rates for the upcoming year.		N/A
7	Employee returns from unpaid LOA (or Military Leave), did NOT receive ICI benefits, and coverage lapsed while on LOA 2.05 (5)	YES (prior to LOA)	Yes (because they were previously enrolled prior to LOA)	No – Agency will reinstate the coverage the employee previously had.	<u>If return to previous FTE percentage:</u> Premiums in effect at the time the coverage lapsed will resume upon return from LOA, unless there has been an annual premium <i>or salary</i> adjustment in the interim. <u>If employee has a permanent change in their FTE percentage:</u> Estimate earnings for next 12 months. Premium category should remain the same as prior to LOA.	Annual Earnings Update - Bypassed until the employee has a full calendar year of earnings. No change in Category until employee has worked full CY. Premium should be based on the new premium rates for the upcoming year.		Coverage effective the first day of the calendar month that first occurs during the 30-day enrollment period.
8	Employee returns from unpaid LOA (same FTE percentage), received ICI benefits while on LOA, but ICI benefits have now ceased (ICI Premium Waiver was in effect during LOA.)	YES	N/A - already enrolled	No	Earnings amount and premium category in effect at the time the LOA began will resume upon return from LOA. Premium rate will be adjusted if there has been an annual premium adjustment in the interim.	Annual Earnings Update - Bypassed until the employee has a full calendar year of earnings No change in Category until Employee has worked full CY. 2.05 (4), 2.10 (3) Premium should be based on the new premium rates for the upcoming year.		N/A – coverage never lapsed (employee on premium waiver); ICI program administrator will notify the ER as to when premium payments/deductions will need to resume.

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
9	Employee returns from unpaid LOA, but does NOT return full-time, and is still receiving ICI benefits (ICI Premium Waiver is still in effect.)	YES	N/A - already enrolled	No	Premium Waiver continues to apply through the end of the month in which the employee's LOA ends or the ICI benefit terminates, whichever is later.	N/A	Premiums are not due while an EE is receiving ICI benefits.	N/A – coverage never lapsed (employee on premium waiver)
Employees with Fluctuating Hours								
10	Employee's FTE continually fluctuates (LTE, ad hocs) <u>OR</u> fluctuates on a consistent schedule during the year (seasonal employee)	YES	N/A - already enrolled	No	Coverage initially based on "best guess" projected earnings. Once the coverage is updated during the annual review process (using prior year's CY earnings), coverage should remain at that level until next annual premium review period. (See "comments".)	**Annual Earnings Update – Adjusted based on previous CY earnings Review & update category based on sick leave balance (if applicable). Premium should be adjusted based on the new premium rates for the upcoming year.	The FTE changes are not considered permanent, so you do not constantly adjust the coverage based on the fluctuating FTE.	N/A
Limited Term Employees (LTE's) and Project Positions								
11	Employee hired as an LTE (no previous permanent service) and is now WRS-eligible	N/A	Yes	Yes – within 30 days of becoming WRS-eligible	Projected earnings for the ensuing 12 months.	Annual Earnings Update - Bypassed year 1; include in annual earnings review process once employee works full CY. Only eligible under Category 1 (LTE's do not get sick leave.) Premium should be adjusted based on the new premium rates for the upcoming year.		Coverage effective the first day of the calendar month that first occurs during the 30-day enrollment period.
12	Permanent or Project employee	NO	Can only enroll through EOI	N/A	N/A	N/A	N/A	N/A

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
	moves to LTE appointment (*See “comments”).	YES	N/A - already enrolled	No	<p>New earnings projection (See “Comments”)</p> <p>NOT previously in a “permanent plateau” Category as a permanent/ project employee: Category 1 (LTE’s have no access to sick leave)</p> <p>IN a “permanent plateau” Category as a permanent/ project employee: Remain in same category (permanent plateau) upon move to LTE position</p>	<p>Annual Earnings Update – Bypassed until employee works full CY as an LTE.</p> <p>No change in Category (Cat. 1 unless previously in a “permanent plateau” as a permanent/project employee)</p> <p>Premium should be adjusted based on the new premium rates for the upcoming year.</p>	<p><i>* An LTE position is considered a “zero” (FTE) appointment. Therefore, this would be considered a permanent change in percentage of appointment. Permanent changes in percentage of appointments require new earnings projection be used for premium purposes.</i></p> <p>(This is different than a job change at the same agency because FTE change requires a new projection, but a job change at the same agency does not.)</p>	Change effective the first day of the calendar month which occurs on or following the start of the LTE position.
13	Permanent employee moves to Project position	NO	Can only enroll through EOI or deferred enrollment	N/A	N/A	N/A	N/A	N/A
		YES	N/A - already enrolled	No	<p>No change in earnings amount until annual premium review (unless change in percentage of appointment upon move)</p> <p>Remain in same category upon move to Project position (Sick Leave transfers to Project position)</p>	<p>**Annual Earnings Update – Adjusted based on previous CY earnings</p> <p>Review & update category based on sick leave balance (if applicable).</p> <p>Premium should be adjusted based on the new premium rates for the upcoming year.</p>	Project positions have FTE assigned, therefore no change in earnings amount unless permanent change in percentage of appointment upon move.	If there is a change in percentage of appointment upon move, the new annual earnings amount is effective the first day of the calendar month which occurs on or following the start of the new position.
14	Project employee moves to another project	NO	Can only enroll through EOI or deferred enrollment	N/A	N/A	N/A	N/A	N/A

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
	appointment <u>OR</u> a permanent appointment	YES (No new enrollment opportunity if not previously enrolled.)	N/A - already enrolled	No	No change in earnings amount until annual premium review (unless change in percentage of appointment upon move) <i>NO previous permanent civil service prior to becoming a project employee:</i> Category 1 (Employee loses all Sick Leave upon start of new position) <i>HAD previous permanent civil service:</i> Remain in same category upon move to new position (Sick Leave transfers to new position.)	**Annual Earnings Update – Adjusted based on previous CY earnings Review & update category based on sick leave balance (if applicable). Premium should be adjusted based on the new premium rates for the upcoming year.	Project positions have FTE assigned, therefore no change in earnings amount unless permanent change in percentage of appointment upon move.	If there is a change in percentage of appointment upon move, the new annual earnings amount is effective the first day of the calendar month which occurs on or following the start of the new position.
Evidence of Insurability (EOI)								
15	Employee applies for coverage and is approved through Evidence of Insurability (EOI) 2.03 (1)	N/A	Yes	Yes (Employee should send EOI application directly to ETF.)	Coverage level based on prior CY earnings unless employee is new or had an unpaid LOA in the prior CY (i.e. doesn't have a full CY of earnings) or has had a permanent change in percentage of appointment since Jan. 1 st of the previous CY - then use projected earnings as of the coverage effective date. 2.03 (1) (b) Premium category based on sick leave balance at end of prior calendar year (*See "Comments" re: Cat. 3) OR selected elimination period for UW Faculty and Academic Staff.	Annual Earnings Update - Adjusted based on previous CY earnings (unless employee does not have full year of earnings in the previous CY – then continue to use projected earnings; include in annual earnings review process once employee works full CY.) Review & update category based on sick leave balance (whether using projected salary or previous CY.) Premium should be calculated based on the new premium rates for the upcoming year.	Employee may be eligible for Cat. 3 if employee's sick leave saved in prior CY meets the requirement. Employees may not enroll through EOI while on LOA.	Coverage effective the first day of the calendar month which occurs on or after the date the EOI application is approved.
Annual Deferred Enrollment Period								

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
16	Employee enrolls through Deferred Enrollment* 2.03 (2) (See below for <i>UW Faculty & Academic Staff</i> Deferred Enrollment) *See “Comments” for eligibility criteria.	N/A (See “Employee Cancels Coverage” below for info on their deferred enrollment rights.)	Yes	Yes – by March 1 st	N/A (See “Annual Premium Review Process”, as Deferred Enrollment occurs during the annual review.)	**Annual Earnings Update – Adjusted based on previous CY earnings (If employee does not have a full year of earnings in the previous CY, use projected earnings.) 2.11 (2) Category based on sick leave balance at end of prior year, (whether using projected earnings or previous CY). 2.03 (2) (e) Premium should be calculated based on the new premium rates for the upcoming year.	Employees who initially declined coverage can enroll through Deferred Enrollment the first time they: <ul style="list-style-type: none">- increase their sick leave balance by 80 hours or more in a single calendar year (prorated for part-time employees), making them eligible for Cat. 3.- have a sick leave balance high enough to make them eligible for Categories 4 or 5. Employees are eligible to enroll any year in which their sick leave balance is greater than 1040 hours, making them eligible for Cat. 6.	Coverage is effective April 1 st
Deferred Enrollment (UW Faculty & Academic Staff)								
17	UW Faculty/ Academic Staff Employee enrolls through Deferred Enrollment upon completion of 1 year of State service 2.03 (2) (b)	N/A	Yes	Yes – within 60 days of completing 1 year of State service	Coverage level based on prior CY earnings unless employee is new or had an unpaid LOA in the prior CY (i.e. doesn’t have a full CY of earnings) or has had a permanent change in percentage of appointment since Jan. 1 st of the previous CY - then use projected earnings as of the coverage effective date. Category: N/A (employee selects elimination period)	Annual Earnings Update - Adjusted based on previous CY earnings (unless using projected earnings in previous year – then see “Comments”) Category: N/A (employee selects elimination period)	If earnings were projected, they remain the same until employee has a full CY of earnings. (If projection based on change in percentage of appointment, must have full year at new FTE %.)	Coverage effective the first day of the calendar month which occurs on or following the completion of 1 year of state service.

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
Moves Between “University Staff” (or a Position at Another State Agency) and UW Faculty & Academic Staff								
18	Move from “University Staff” or a Position at Another State Agency to UW Faculty/ Academic Staff position	NO	Yes	Yes – within 30 days from date of hire	Projected earnings as of coverage effective date in UW Faculty/Academic Staff ICI program Category: N/A (employee selects elimination period)	Annual Earnings Update – Bypassed until the employee has a full calendar year of earnings in UW Faculty/Academic Staff position Premium should be adjusted based on the new premium rates for the upcoming year. Category: N/A (employee selects elimination period)		Change is effective the first day of the calendar month which occurs on or following the start of the new position.
		YES	N/A	Yes - Employee must enroll in the “UW Faculty” plan within 30 days of move in order to maintain ICI coverage.	Projected earnings as of coverage effective date in UW Faculty/Academic Staff ICI program Category: N/A (employee selects elimination period)	Annual Earnings Update – Bypassed until the employee has a full calendar year of earnings in UW Faculty/Academic Staff position Premium should be adjusted based on the new premium rates for the upcoming year. Category: N/A (employee selects elimination period)		Change is effective the first day of the calendar month which occurs on or following the start of the new position.
19	Move from UW Faculty/ Academic Staff position to “University Staff” or a Position at Another State Agency	NO	N/A – no new enrollment opportunity		Can only enroll through Evidence of Insurability (EOI) or deferred enrollment	N/A		N/A
		YES (under the UW Faculty/ Acad. Staff ICI plan)	N/A	No – The UW (or new agency) will transfer coverage. Employee will be covered under the “State” ICI plan.	Projected earnings as of coverage effective date in the regular State ICI program Premium category based on sick leave balance at end of prior calendar year. Employee may be eligible for Cat. 3 if employee’s sick leave saved in prior CY meets the requirement.	Annual Earnings Update - Bypassed until the employee has a full calendar year of earnings in their new position *Review & update category based on sick leave balance. Premium should be adjusted based on the new premium rates for the upcoming year. (*See “comments”.)	If an employee moves to an agency that does not allow them to use their sick leave from previous State employment, eligibility for Premium Category 3 at the time of the annual review will only be based on the sick leave the employee earned in the prior year at their new employer.	Change is effective the first day of the calendar month which occurs on or following the start of the new position.

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
UW Employees – Concurrent Appointments in Different WRS Employment Categories (i.e. “General” and “Teacher”)								
20	See Subchapter 302 of the ICI Administration Manual for information on which ICI plan the employee should be enrolled in.							
Changes in Elimination Periods (UW Faculty/Academic Staff)								
21	Change to Longer Elimination Period	YES	No – must already have coverage	Yes – must elect longer elimination period	No change in earnings - coverage based on same earnings amount as prior to change in elimination period. New premium rate based on longer elimination period.	Annual Earnings Update - Adjusted based on previous CY earnings Premium should be adjusted based on the new premium rates for the upcoming year.		Change is effective the first day of the calendar month which occurs on or following the date the employee enters the change in <i>My Insurance Benefits</i> or submits a paper application to their employer.
22	Change to Shorter Elimination Period 2.03 (1)	YES	No – must already have coverage	Yes - Employee must complete Evidence of Insurability (EOI) application. Must be approved by underwriter.	If EOI approved, coverage based on same earnings amount as prior to change in elimination period. New premium rate based on shorter elimination period.	Annual Earnings Update - Adjusted based on previous CY earnings Premium should be adjusted based on the new premium rates for the upcoming year.	An employee can request change through the EOI process at any time of the year.	Change is effective the first day of the calendar month which occurs on or after the date the EOI application is approved.
Termination/Cancellation of Coverage								
23	Employee currently on LOA or Military Leave allows ICI coverage to lapse due to non-payment of premiums	YES	N/A	N/A	N/A	N/A		Coverage terminates at the end of the month through which premiums are paid. 2.07 (1)

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
24	Employee Cancels Coverage 2.07 (2)	YES	N/A	Yes	N/A	N/A – <i>unless eligible through deferred enrollment.</i> If an employee previously enrolled, or had an opportunity to enroll, through deferred enrollment, they will <i>not</i> have another enrollment opportunity into that same premium category. They would have to wait until they were eligible for the next category.	<i>NOTE: An employee returning from a leave, who previously cancelled coverage, other than an employee on military leave, can only re-enroll through EOI or deferred enrollment.</i> <i>NOTE: An employee on military leave who cancelled coverage may re-enroll, without providing EOI, by enrolling through My Insurance Benefits (or by submitting a paper application) within 30 days of return to work from military leave.</i> 2.03 (5)	Coverage terminates the first day of the calendar month which occurs on or after the date the employee cancels the coverage in My Insurance Benefits or submits a paper application to their employer.
25	Employee resigns, is dismissed, terminates, retires or dies (whichever occurs first) 2.07 (1)	YES	N/A	N/A	N/A	N/A		Coverage ends on the date employee resigns, is dismissed, terminates, retires or dies (whichever occurs first).
Employees with Prior State Service								
26	Employee with Previous State Service (<i>Less than 30-Day Break in Service</i>)	NO	Can only enroll through Evidence of Insurability (EOI) or, if eligible, Deferred Coverage.	N/A	N/A	If employee declined a deferred coverage opportunity to enroll into a particular premium category during their <i>prior</i> period of employment, they are not eligible for deferred enrollment into that premium category in the future.		N/A

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
		YES (coverage in previous position)	Yes	No – Agency will reinstate the coverage the employee previously had.	Coverage level (i.e. Earnings amount and Category/ Elimination Period) in effect during the employee’s <i>prior</i> period of employment will resume upon rehire, unless there has been a permanent change in percentage of appointment.	Annual Earnings Update - Adjusted based on previous CY earnings (unless using projected earnings in previous year– then see “Comments”) Review & update category based on sick leave balance (whether using projected earnings or previous CY)	If earnings were projected, they remain the same until employee has a full CY of earnings (If projection based on change in percentage of appointment, must have full year at new FTE percentage.)	Coverage effective the first day of the calendar month that first occurs during the 30-day enrollment period. 2.02 (4)
27	Employee with Previous State Service (30-Day or More Break in Service)	N/A	Yes	Yes – within 30 days of hire	Projected earnings for the ensuing 12 months Category 1 <i>unless employee had sick leave reinstated</i> . If sick leave reinstated, then category is based on current sick leave balance or prior “ <i>permanent plateau</i> ” category. (Employee could also be eligible for Cat. 3. See Section 400 of ICI Admin. Manual for more information.)	Annual Earnings Update - Bypassed until the employee has a full calendar year of earnings. Review & update category based on sick leave balance (if applicable).	For deferred coverage opportunities, the employee should be treated like a new hire (i.e. any opportunities that were declined during their prior period of employment should be ignored.)	Coverage effective the first day of the calendar month that first occurs during the 30-day enrollment period. 2.02 (4)
28	Previously Dismissed Employee is reinstated to a Permanent position <i>(Sick leave is restored)</i>	NO	<i>No new enrollment opportunity upon reinstatement if not enrolled at time of termination.</i> Can only enroll through EOI or deferred enrollment <i>(*See “Comments” for exception.)</i>	N/A	N/A	N/A	<i>If the employee did not have ICI coverage prior to dismissal, but missed an opportunity to enroll during a subsequent annual ‘Deferred Enrollment’ period in which they would have been eligible, they can enroll through My Insurance Benefits within 60 days of reinstatement.</i>	<i>If enrolling under Deferred Enrollment:</i> Coverage effective the first day of the calendar month which first occurs during the 60-day enrollment period, but no earlier than April 1 st of the year in which the employee is reinstated.
		YES	Yes – if previously enrolled	No - Agency will reinstate the coverage the employee previously had.	Projected earnings as of the effective date of coverage (unless EE had a full CY of earnings in the CY immediately preceding the reinstatement.) NOT in a “permanent plateau” Category upon Termination: Category based on reinstated sick leave balance IN a “permanent plateau” Category upon Termination: Reinstate into same category as prior to termination	Annual Earnings Update - If earnings were projected, they remain the same until employee has worked a full CY, then use previous CY earnings. Review & update category based on sick leave balance (if applicable). Premium should be based on the new premium rates for the upcoming year.		Coverage effective the first day of the calendar month on or after the employee returns to work.

Example Number	Event	Coverage in Force at Time of Event?	Eligible to Enroll?	Enrollment/ Application Required	Coverage Level Basis (assuming Event does not occur during Annual Premium Review period)	Annual Premium Review Process**	Comments	Effective Date of Coverage / Change / Termination
29	Annuitant is re-hired in WRS-eligible position, and annuity is suspended	N/A	Yes	Yes – within 30 days of rehire	Projected earnings as of the effective date of coverage (NOTE: If employee had sick leave that they banked at retirement to pay for health insurance premiums, they no longer have access to use the sick leave. Therefore, they should be in premium Category 1, even if they were in a “premium plateau” category prior to retirement.)	Annual Earnings Update - Bypassed until the employee has a full calendar year of earnings. Review & update category based on sick leave balance (if applicable).	Even though the earnings amount wouldn't change until the rehired EE has a full CY of earnings, EE could move to Category 3 during 2 nd CY of coverage (i.e. during first subsequent annual update period) provided the accumulated sick leave requirements are met.	Coverage effective the first day of the calendar month that first occurs during the 30-day enrollment period. 2.02 (4)

****Annual Premium Review Process:**

- **Normal process is to look at the previous calendar year’s earnings (rounded up to the next higher thousand). Exceptions would be:**
 - **Employee was newly hired in the previous year** → Use projected earnings (rounded up to the next higher thousand) until the employee has worked a full calendar year (CY).
 - **Employee was on an unpaid LOA the previous year** → Use earnings amount in effect prior to the LOA, unless employee has had a permanent change in percentage of appointment since start of LOA.
 - **Employee had a permanent change in percentage of appointment (FTE) in the previous year** → Use previous projected earnings amount until the employee has worked a full calendar year (CY) at their new FTE percentage.
- **Premiums for the year should be based on the new premium rates for the upcoming year (determined by ETF’s actuary).**