



Welcome!

Income Continuation Insurance Program (ICI)



This webinar uses the audio from your computer for sound. Please plug your headphones directly into your computer.

Presentation will begin shortly...

GoToTraining Attendee View

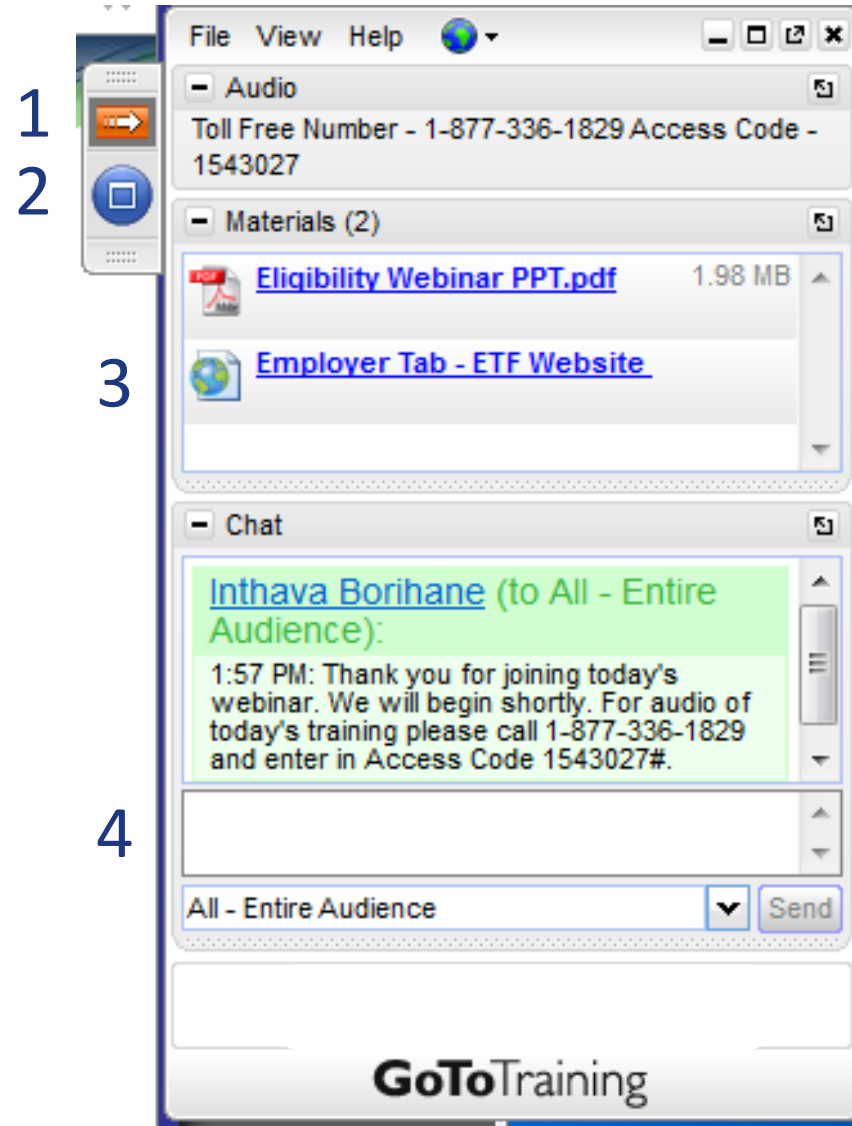
1. Panel Slider

(View > Auto-Hide Control Panel to stop it from automatically disappearing)

2. Full Screen

3. Materials

4. Chat Box



Asking Questions



Chat Box

- Always follow up if not answered



Employer Communication Center

- Toll-Free: (877) 533-5020 opt 2
- ETF Agent

Topics

- **What is ICI?** _____ Slide 5
- **Third-Party Administration** _____ Slide 9
- **Eligibility** _____ Slide 10
- **Enrollment** _____ Slide 11
- **ETF Responsibilities** _____ Slide 18
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- **Applicable Forms** _____ Slide 24
- **Returning to Work** _____ Slide 27
- **Resources** _____ Slide 29

What is Income Continuation Insurance?

- ICI is a voluntary income replacement program
- It can cover employees for short-term and long-term disabilities

12
months
or less

Short-term disability
(first twelve months)
claimant must be unable
to perform the duties of
their job

12+
months

Long-term disability
Claimant must be
unable to engage in any
“substantially gainful activity” for
which they are reasonably qualified

- ICI benefits will be reduced (offset) by income from other sources

What is Income Continuation Insurance?

Employees must serve an “elimination period” (EP) before benefits become payable:

State Employees

30 days or
exhaustion of sick
leave up to
130 days
(whichever is
longer)

UW Faculty and Academic Staff

Employee’s chosen
elimination period
(30, 90, 125, or 180
days), or exhaustion
of sick leave up to
130 days (whichever
is longer)

Local Employees

Employee’s chosen
elimination period
(30, 60, 90, 120, or
180 days)

Benefit Amounts

- Benefit amount is 75% of the average monthly earnings

Standard Coverage

Covers annual salaries
up to \$64,000

(maximum benefit of \$4,000/month)

Supplemental Coverage

Covers annual salaries
between \$64,000 and
\$120,000

(maximum benefit of \$7,500/month)

- Benefit ceases when members are no longer disabled or reach age 65, whichever comes first.
(benefits may be paid for a longer period if the employee is age 62 or older at the time of disablement)

ICI to Offsets

- ICI benefits will not duplicate benefits available from:
 - other WRS programs
 - Social Security
 - Worker's Compensation
 - Unemployment Compensation
- Any part-time earnings are also an offset to ICI benefits.
- A member would be required to repay duplicate benefits back to the ICI program.



The Third Party Administrator: Aetna

Aetna is the third party administrator for the state's ICI and Long-Term Disability Insurance (LTDI) programs. Aetna handles:



Enrollment applications



Evidence of Insurability



Claims status and questions



Overpayments

Eligibility

State Employees

WRS Eligible



ICI Eligible

Local Employees

WRS Eligible + Employer participates in ICI program → ICI Eligible

Enrollment (State Employees)

Initial Enrollment: After January 1, 2016, employees are eligible to enroll in Income Continuation Insurance (ICI) coverage as of the 1st of the month following the hire date (or the hire date, if it is the 1st of the month).

[Application ET-2307](#)

(Graduate Assistants are not eligible).

OR

Deferred Enrollment: First time employees are eligible for an increase in employer contribution. Employers notify employees.

OR

For WRS-eligible employees first **hired between July 1 and December 25, 2015**, the ICI coverage effective date will be January 1, 2016.

[Evidence of insurability \(ET-2308\)](#)



State Application ET-2307 *Employer Section*

II. EMPLOYER: COMPLETE PART II

Reason to submit *application* (Check appropriate box and indicate occurrence date)

- ☐ Immediately eligible on:
- ☐ New employee will have participated in WRS for six calendar months on:
- ☐ Reinstating coverage upon return from temporary layoff or leave of absence. Date temp layoff/LOA began: _____ Date employee returned: _____
- ☐ Transferred from another state agency on:
- ☐ (*UW Faculty/Academic Staff only*) Changed to a longer elimination period effective on: _____ (Evidence of insurability is required to change to a shorter elimination period.)
- ☐ Eligible through deferred coverage (*State employees and UW Faculty/Academic Staff*) on:
- ☐ Other (*specify*): _____

Previous Service - Complete Information

1. Did employee participate under WRS prior to being hired by you?
☐ Yes ☐ No
2. Previous service check, completed
☐ Yes ☐ No
Source of previous service
☐ ONE Site ☐ ETF
3. Date WRS participation began with the current employer (*MM/DD/CCYY*)

Earnings		Basis of Employment			ICI Monthly Premium		Supplemental ICI Monthly Premium
\$	<input type="checkbox"/> Monthly <input type="checkbox"/> Biweekly	<input type="checkbox"/> Full-Time <input type="checkbox"/> Part-Time _____ %	<input type="checkbox"/> Seasonal <input type="checkbox"/> Academic Year	<input type="checkbox"/> Project <input type="checkbox"/> LTE	Employee Share	Employer Share	Employee Share
					\$	\$	\$

SICK LEAVE INFORMATION FOR DEFERRED COVERAGE OR REINSTATED OR REHIRED EMPLOYEES

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

Year	Beginning Balance	Sick Leave Earned	Sick Leave Used	Ending Balance

Employer Name		Date Application Provided to Employee		Date Received by Employer
Employer Identification Number (EIN) 69-036	Employer Agent Signature	Telephone Number ()		Effective Date

Copy and Distribute: ☐ ETF ☐ Employee ☐ Employer

Enrollment (Local Government Employees)

Initial Enrollment:
Employee must
have 6 months of
WRS service to be
eligible for ICI.

[Application ET-2366](#)

OR

[Evidence of insurability](#)
[\(ET-2308\)](#)

ICI coverage will be effective
on the first of the month that
first occurs during the 30 day
enrollment period
Example: If the enrollment
period starts mid-April, ICI will
be effective May 1.
(instead of being effective based on
when the employee's application for
coverage is received)



Local Application ET-2366 *Employer Section*

II. EMPLOYER: COMPLETE PART II

Reason to submit <i>application</i> (Check appropriate box and indicate occurrence date)		Previous Service - Complete Information		
<input type="checkbox"/> Immediately eligible on:		1. Did employee participate under WRS prior to being hired by you? <input type="checkbox"/> Yes <input type="checkbox"/> No		
<input type="checkbox"/> New employee will have participated in WRS for six calendar months on:		2. Previous service check, completed <input type="checkbox"/> Yes <input type="checkbox"/> No Source of previous service <input type="checkbox"/> ONE Site <input type="checkbox"/> ETF		
<input type="checkbox"/> Reinstating coverage upon return from temporary layoff or leave of absence. Date temporary layoff/LOA began: _____ Date employee returned: _____		3. Date WRS participation began with the current employer (MM/DD/CCYY)		
<input type="checkbox"/> Changed to a longer elimination period effective on: (Evidence of insurability is required to change to a shorter elimination period.)				
<input type="checkbox"/> Other (specify): _____				
Earnings	Basis of Employment	ICI Monthly Premium		Supplemental ICI Monthly Premium
\$ <input type="checkbox"/> Monthly	<input type="checkbox"/> Full-Time <input type="checkbox"/> Part-Time _____ %	Employee Share	Employer Share	Employee Share
		\$	\$	\$
Employer Name		Date Application Provided to Employee	Date Received by Employer (MM/DD/CCYY)	
Employer Identification Number (EIN) 69-036	Employer Agent Signature	Telephone Number ()	Effective Date (MM/DD/CCYY)	

Copy and Distribute: ☐ ETF ☐ Employee ☐ Employer

ICI Coverage Termination

ICI coverage terminates when the member:

- Resigns
- Is dismissed
- Terminates employment
- Retires
- Turns age 70
- Passes away



Whichever occurs first

ICI Premiums (State Employees)

Premiums

Based on the previous calendar year's salary (rounded up to the next \$1,000 and divided by 12)

Premium Category

Based on the sick leave accrued as of the final pay period each calendar year

Premium Adjustments

February 1st each year

Premium category
Last year's salary
New premium rates



New adjusted premium

Please see [ET-2106](#) to determine the employee share of the premium.

ICI Premiums (Local Employees)

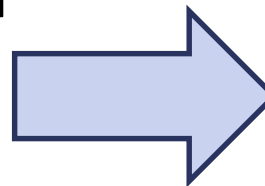
Premiums

Based on the previous calendar year's salary (rounded up to the next \$1,000 and divided by 12)

Local Employers are currently on a premium holiday for 2016.

Premium Adjustments

Selected elimination period
Last year's salary
New premium rates



April 1st each year

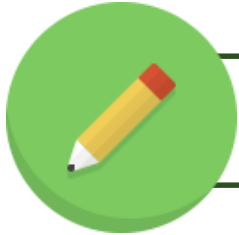
New adjusted premium

Please see [ET-2129](#) to determine the employee share of the premium.

ETF/Employer Services Section (ESS) Responsibilities



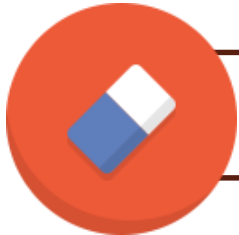
Respond to employer and member inquiries concerning enrollment, coverage, and premiums



Educate employers



Process new employers



Assist employers in correcting errors

Employer Error

Send ETF the application marked with “Employer Error” and a detailed letter explaining the error.

The letter should answer the following questions:

- What is the exact nature of the error?
- What evidence exists to show that the employer, rather than employee, was responsible for the error?
- What was the cause of the error?
- How and when was the error discovered?
- What was done once the error was discovered?
- What corrective action has the employer put in place to ensure that this type of error does not reoccur?



Employer Error

If **premiums are not already being deducted**, begin premium deductions immediately when the application is filed under the employer error provision.

If **coverage is denied**, the employer must refund any premium deductions.

ETF will notify the employer and the employee if ICI coverage is approved or denied

If **coverage is approved**, it will be effective on the first of the month following the date the employer received the application.

If the employee had begun paying premiums within 60 days after becoming eligible, coverage will be backdated to the first month the employee paid a premium for.

Employer Error

If the error cannot be corrected under the employer error provision, the employee can apply for coverage:



by providing **evidence of insurability**, or



when eligible for deferred enrollment (State employees/UW faculty and academic staff only)

Errors Not Eligible for Correction



Employee is given application materials but forgets to submit completed application.



Employee receives written notice of ICI coverage from the employer but fails to report coverage discrepancies.



Employee completes form incorrectly and cancels more coverage than intended.
(A cancellation form can be withdrawn only before the effective date of the cancellation.)

Benefit Begin Date

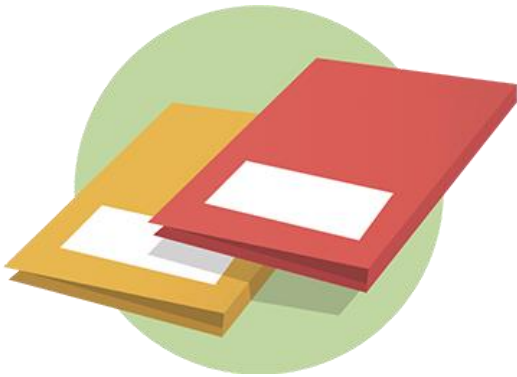


For a State Employee their ICI benefit will begin after the member exhausts their sick leave (up to 130 working days), or serves their elimination period, whichever is longer.

For a Local Employee their ICI benefit will begin after they serve the elimination period chosen by their Employee (*employee premium will be more to shorten the elimination*).

*The elimination period begins the first full day that a member is continuously and completely absent from work due to disability, or when the doctor indicates they meet the definition of disability (*whichever is later*).

ICI Employer Statement (ET-5351)



The ICI Employer Statement needs to be completed by the employer at the time an employee files an ICI claim.

Benefits cannot be computed until this form is received and processed.

Report of Employment and Earnings (ET-5901)

Employers must complete the ICI Report of Employment and Earnings form to notify ETF of a claimant's change in work status and/or earnings paid after an individual's elimination period.



ET-5901 needs to be completed for each check date as long as the ICI claimant works part-time or receives earnings for vacation, holiday, or comp time after their ICI elimination period.

Returning To Work

A member may return to their prior WRS employer if the following is true:



The physician
gave the
release to
return to work

AND



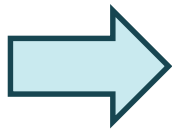
The employer
can
accommodate
any restrictions

Return to work **full-time**
(without restrictions):
ICI benefit will be
terminated.

Return to work **part-time**
(or full-time with restrictions):
Earnings will be offset at 75%.

Refusing to Return to Work

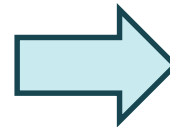
If a member's physician releases them part-time, and:



the member chooses not to return to work

OR

the member works fewer hours than what they were released for



their ICI benefits will be offset by an estimated amount.

If the member is unable to work the set number of hours **because of their medical condition**, they should contact their physician immediately to discuss their inability to work those hours.

Previously asked Q & A

Question: There is confusion as to when the Annual Salary/Compensation should change for ICI due to a permanent job change.

Answer: The Annual Salary for ICI purposes stays in effect for a full calendar year unless:

- an employee has a permanent change in percentage of employment
- an employee is hired for a position under a different payroll center (i.e. goes from DOT to the UW, or vice versa).

In the two examples above, the employer should estimate the earnings for the ensuing 12 months and round up to the next higher thousand. That figure should be used in determining ICI premiums.

Previously asked Q & A

Question: Misunderstanding of the early coverage enrollments rules for Academic Staff. Also, when University Staff switch to Academic staff sometimes the employee is left without a month of coverage due to the timing of the application receipt. I don't think anyone would want to miss coverage for a month when they are continuously employed.

Answer: Two enrollment opportunities:

- First opportunity upon hire.
- Second opportunity after completion of 1 year of state service.

Coverage is effective the first day of the month that first occurs during the 30 day enrollment period (or 60 day enrollment period for deferred coverage.) Therefore, there is no longer an issue with a gap in coverage. Example: A University Staff employee takes an Academic Staff position effective May 16th. Their coverage under the University Staff position ends May 31st, and their coverage under their Academic Staff position begins June 1st, even if they do not turn in their application until June 15th (the last day of their 30-day enrollment period.)

Previously asked Q & A

Question: How are LTDI and/or 40.63 Disability integrated with ICI?

Answer: ICI is offset by both LTDI and 40.63. If the member is receiving 40.63 benefits, ICI is offset by the amount of the highest annuity option available to the member, regardless of which option they choose. If the member is receiving LTDI, ICI is offset by the gross amount of the LTDI benefit received.

Previously asked Q & A

Question: How do we apply the elimination period and use of sick leave for a nine-month employee whose leave begins, for example, April and continues through the fall or begins while the employee is off for the summer?

Answer: Section 2.13(4) of the ICI plan language states: “The elimination period or use of sick leave or both shall begin on the first date of disability and continue without a break even if the claimant has a summer, seasonal or semester break.”

Employees are eligible for benefits once the elimination period has been completed regardless of eligibility to use accumulated sick leave (may have to serve elimination period without pay if employer policy does not allow for sick leave use while employee is not in working contract period).

Sick Leave Example

The employee's sick leave exhaustion date would be calculated by tacking on the sick leave hours to the last day worked (LDW) as if the individual were working their normal schedule. The ICI benefit begin date would be based on the latter of the elimination period end date or the sick leave exhaustion date.

Example: Jane Doe's last day worked is April 29 and her date of disability is April 30. She has 130 days of sick leave and a 125-day elimination period. In this case, the employee's sick leave (130 days) exceeds her elected elimination period (125 days) so she will need to serve a 130-day elimination period before ICI benefits will begin. The elimination period will start on her first day of disability (April 30) and end in 130 days (Sept. 6). Her ICI benefit would begin on Sept. 7.

Sick Leave Example (Continued)

The last day of the school year is May 13, and the following school year starts on August 22. From April 30 through May 13, Jane can use her sick leave time to stay on the payroll. But from May 14 through August 21, Jane will not receive any income because she does not have access to her sick leave (per her contract).

During this period, her accumulated sick leave balance does not change. Once her contract starts again on August 22, she may begin using sick leave to fulfill the remainder of her elimination period until her ICI benefit begins on Sept 7. Jane will still have sick leave “on the books” on Sept. 7, but it will not have an effect on her ICI begin date because her entire sick leave balance was previously taken into consideration when determining the length of her elimination period.

Previously asked Q & A

Reminder: If an employee gets paid vacation beyond the sick leave exhaustion date that it is reported on a transaction report so the proper offset can be applied. As well as lump sum term pay term if they resign for medical reasons.

Answer: After the employee has been paid ICI, if they come back to work part-time and the employer has reported any earnings ICI will offset any sick leave they earn. This needs to be reported on the employer's ET-5901. Lump sum vacation time paid after the sick leave has been exhausted also needs to be reported on the ET-5901.

Previously asked Q & A

Question: Who specifically is responsible for completing the various forms/or parts of forms. Also, where the paper trail goes.

Answer: Forms come into ETF. The employer (payroll and Benefits representative) is responsible for filling out the forms.

Previously asked Q & A

Question: The systems recommendations/policy for terminating employees while on ICI or employees waiting to go on ICI (using up sick leave) or LTDI (as the employee waits to deteriorate enough to get medical documentation to be done with work.)

Answer: We recommend that employers do not terminate an employee until they have been approved for LTDI or 40.63. However, we cannot speak to the UW system's policies.

Previously asked Q & A

Question: Detailed information regarding the Faculty level of coverage and how it pertains to 9-month employees.

Additionally, clarify how the salary should be calculated, and how does a 9-month employee receive ICI during the summer months when normally not on payroll?

Answer: Salary for a 9-month employee should be calculated by taking the previous calendar year's WRS reported earnings and dividing by 12.

Example: Even though an employee may earn \$7000/mo for 9 months work, if they become disabled, their ICI benefit would be based on \$5250/month of earnings (\$63K divided by 12). Since these employees pay for 12 months of premiums, they are eligible for benefits year-round.

Previously asked Q & A

Question: What happens when an Academic year employees makes an ICI claim in the summer, and how it is handled.

Answer: The EE cannot use sick leave during the summer (per their employment contract), but could start using sick leave as of the date they would have returned to work in the fall, until the time their ICI benefit would become payable. Regardless of sick leave on the books at the end of the 100 days, the ICI benefit becomes payable.

Resources

- Income Continuation Insurance-State [ET-2106](#)
- Income Continuation Insurance-Local [ET-2129](#)
- Income Continuation Insurance Application-State [ET-2307](#)
- Income Continuation Insurance Application-Local [ET-2366](#)
- Evidence of Insurability ET-2308
- Initial Offering ICI Application ET-2344
- Wisconsin Statute §40.61 & §40.62
- Wisconsin Administrative Code ETF Chapter 50
- ICI Fact Sheet – State [ET-8918](#)
- ICI Fact Sheet – Local [ET-8931](#)