Wisconsin Local Government Employees

INCOME CONTINUATION INSURANCE

Wisconsin Retirement System

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LOCAL GOVERNMENT EMPLOYEES

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ETF has made every effort to ensure that this brochure is current and accurate. However, changes in the law or processes since the last revision to this brochure may mean that some details are not current. Visit etf.wi.gov to view the most current version of this document. Please contact ETF if you have any questions about a particular topic in this brochure.

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What is an Income Continuation Insurance (ICI) Benefit?

The Income Continuation Insurance (ICI) benefit is a voluntary "income replacement" benefit payable if you become disabled. This insurance is available to all local government employees whose employers have elected to participate. The ICI program is authorized by Wisconsin Statute § 40.62 and is funded by premium contributions. ETF contracts with an external company (the plan administrator) to issue eligibility determinations and process individual claims. See the *Contact Us* section for their information.

ICI benefits provide **up to 75% of your average monthly earnings** based on your previous calendar year earnings rounded to the next highest $1,000 and divided by 12. For newly hired employees, your estimated annual earnings are rounded to the next highest $1,000 and divided by 12. Earnings up to a maximum of $120,000 per year are covered. The maximum benefit is $7,500 per month.

ICI provides replacement income for short- and long-term disabilities. The benefit usually lasts until you are no longer disabled or you reach your maximum duration of benefits (see *When Will My Benefit End?* on page 11), whichever is sooner.

Note: Please see page 3 for information on benefit durations for pregnancies.

Before the benefit starts, you must serve an elimination period (also called a waiting period; see the *Definitions* section). You may select an elimination period of up to 180 days. *You must be completely off work during this time.*

Please be aware that you may choose to either shorten or lengthen your elimination period in the future. However, in order to shorten your elimination period, you will need to complete an *ICI Application and Evidence of Insurability* (ET-2308) form available through your employer or on the ETF website. Your application will be reviewed and either approved or denied based on your health status at the time.

ICI benefits will not duplicate benefits available from other Wisconsin Retirement System (WRS) programs, the Social Security Administration, workers' compensation, unemployment compensation or certain other sources. You will be required to repay duplicate benefits back to the ICI program.

How do I Enroll?

Option 1: Initial Enrollment

You may enroll by electing coverage online through My Insurance Benefits at etf.wi.gov/my-benefits. You must elect coverage within 30 days of hire (or within 30 days of becoming a WRS-participating employee if you were not considered a participating employee at the time you were initially hired).

If you are unable to enroll online for any reason, you may elect coverage by completing the *Income Continuation Insurance Application* (ET-2366) and returning it to your payroll/personnel office within 30 days of hire.

If you are employed at more than one WRS employer, you must elect coverage under each employer if you want all of your earnings insured.

Option 2: Evidence of Insurability

If you do not enroll under option 1, you may enroll at any time in the future if you are medically insurable. An *ICI Application and Evidence of Insurability* (ET-2308) form is available at etf.wi.gov or by contacting the Department of Employee Trust Funds.

This form asks you to answer questions concerning your past and present health. Approval/denial of your evidence of insurability (EOI) application will be based on this medical information.

Coverage

Coverage During Leave of Absence
Your coverage may be continued while on temporary layoff or an approved leave of absence by paying premiums in advance.

The maximum time ICI coverage can be continued on an approved leave of absence is 36 months, except that an insured employee on union leave or military leave may continue to be insured for the duration of that leave.

You are required to pay the entire premium due (employee and employer portion). Payments must be received by your payroll/personnel office so that there is no lapse in coverage.

If you allow your coverage to lapse while you are on leave of absence, coverage may be reinstated with the same elimination period and without furnishing evidence of insurability if you re-enroll through My Insurance Benefits within 30 days of resuming active employment. Coverage will be effective the first of the month that first occurs during the 30-day enrollment period.

Termination of Coverage
ICI coverage ends on the date you resign, retire, are dismissed, or die, whichever occurs first. If coverage ends, a full month's premium is due* for any month or portion of a month for which earnings are paid. If your employer withdraws from the program, coverage shall terminate at the end of the calendar year.

However, if you are disabled under the terms of the plan at the time coverage terminates, you will continue to be eligible to receive benefits as long as you remain disabled, up to the maximum duration of benefits as explained in the *When Will My Benefit End?* section.

*Note: For premium purposes, your "coverage end date" in My Insurance Benefits will be the last day of the month in which your employment was terminated. However, you are not eligible for benefits if your first day of disability was after your employment termination date.

Disabilities Not Covered
Benefit payments are not available for a disability that begins prior to the effective date of coverage or a disability that is:

- The direct result of war, declared or undeclared. The act of war shall be determined by the Group Insurance Board. (Note: Although ICI benefits are not payable for disabilities caused by acts of war, you may have — or develop — a medical condition unrelated to war service that may qualify you for ICI benefits.)
- The direct or indirect result of intentional self-inflicted injury for monetary gain.
- The direct or indirect result of participation in the commission of a crime other than a misdemeanor.
- The direct or indirect result from cosmetic surgery, except for complications thereof.

A condition which is present but not disabling prior to the effective date of coverage is not excluded from benefits.

Pregnancy

The ICI program provides limited coverage for pregnancies. As with any disability claim, you must serve your elimination period prior to receiving an ICI benefit. Your ICI benefit for a normal, vaginal delivery will end 6 weeks after the date of delivery (8 weeks for an uncomplicated cesarean delivery). These time periods are standard durations used in the disability industry.

However, if you have complications prior to or after delivery, ICI benefits may be paid longer, depending on whether the complication is considered disabling.

How Much Are the Premiums?

Premium Rates

***Note*:** The Local ICI program is currently under a premium holiday.

Monthly premiums are based on:

1. Your previous calendar year earnings, as reported to the WRS (or your estimated annual earnings, if applicable), rounded to the next higher $1,000.
2. Your selected elimination period.

Annual Premium Adjustment
Effective every April 1, your employer will adjust your premium based on changes to your previous year's earnings. If you were either a new hire, were on an unpaid leave of absence, or had a permanent change in your percentage of appointment in the previous calendar year, your earnings for ICI premium purposes will not be adjusted until the next annual review when a full calendar year of WRS-reportable earnings is available (for a new hire or someone on an unpaid leave) or you've worked a full calendar year at your new percentage of appointment.

Premium Change Based on Change in Appointment
Employers must adjust premiums when an employee's percentage of appointment is permanently changed. In these situations, the employer determines the premium rate by estimating earnings for the following 12 months and rounding up to the next higher $1,000. These estimated annual earnings are used as a basis for coverage until, at the time of the annual adjustment, a full calendar year of WRS-reportable earnings is available (for a new hire or someone on an unpaid leave) or you've worked a full calendar year at your new percentage of appointment.

Filing a Disability Claim with the ICI Program

How to File a Claim

Contact the plan administrator to file a claim. See the *Contact Us* section of this brochure). Telephone filing is encouraged.

1. File your claim as soon as possible after your last day worked.
   - You may file a claim up to 30 days before your anticipated last day worked in cases of impending childbirth or scheduled surgery.
   - A claim will not be approved if received more than 12 months after your last day in pay status.
   - The effective date of your benefit can be no earlier than 90 days before your claim is filed. If you wait to file a claim, you could miss out on some benefits.
2. The plan administrator will send you an introductory packet. Complete and return the medical release form and the repayment agreement.
3. A **licensed physician** will be required to submit medical information concerning your disability to the plan administrator.
   - A licensed physician as defined in the ICI plan includes a medical doctor, doctor of osteopathy, surgeon, podiatrist, dentist, or nurse practitioner licensed to practice by a state within the United States. This also includes a physician's assistant or psychologist who is acting within the lawful scope of his or her license and performs a service that is supervised by a licensed medical doctor, doctor of osteopathy, or surgeon.
   - For a short-term disability (a disability lasting 12 months or less), a physician must certify that you are not able to perform the duties of your position.
   - Note: If your physician states that you can return to work if the employer makes reasonable accommodations for your disability, and if your employer agrees to make those accommodations, your claim will be denied.
   - For a long-term disability (a disability lasting longer than 12 months), a physician must certify that you are not able to engage in any substantial gainful activity (see Definitions) for which you are reasonably qualified, with due regard to your education, training, and experience.
4. The plan administrator will periodically contact your physician to receive updated information on your disability and expected return-to-work date. You will be responsible for costs associated with the medical exams.
5. Your employer must complete the employment statement that comes from the plan administrator.
6. After contacting your physician and employer, the plan administrator will determine whether you should be approved for the benefit.

If you are approved, you will receive a letter from the plan administrator describing how much your benefit will be and when it will start. If you are denied, you will receive a letter from the plan administrator stating the reasons for the denial.

Administrative Review Process

If you do not agree with a decision made by the administrative personnel, you have the right to request that they reconsider the determination. A written request for reconsideration must be received by the plan administrator within 90 days of the date of the determination letter.

- With the reconsideration request, you must specifically state how you believe the plan administrator erred in interpreting the plan provisions.
- You must provide the plan administrator with all documentation, including medical records relevant to the claimed disability and your position regarding the determination.
- After reviewing all of the new and original information, the plan administrator will send you a letter with the reconsidered decision.

Filing a Disability Claim with the ICI Program (continued)

If you do not agree with the decision at the reconsideration level of the appeal process, you have the right to request a departmental determination from ETF. Your written request must be received by ETF within 90 days of the date of the reconsideration letter.

If you request a Departmental Determination, ETF will determine whether the plan administrator erred in its decision. ETF relies upon the medical records/notes and the review performed by the plan administrator's medical consultants to make a determination.

If you do not agree with the Departmental Determination, and you wish to pursue the matter further, you may request an appeal to the Group Insurance Board. You must request the appeal in writing. The written appeal request must be received by the Appeals Coordinator within 90 days of the date of the notice. The Appeals Coordinator will provide you with a booklet covering the appeals process and time frames.

When Will My Benefit Start?

Your ICI benefit will begin after you serve your selected elimination period. Employees have an elimination period of 30, 60, 90, 120, or 180 calendar days.

The elimination period begins on the first full day that you are continuously and completely absent from work due to disability.

Sick leave, vacation, holiday, and compensatory time do not need to be exhausted before ICI benefit payments can begin. However, use of leave time after your elimination period is satisfied will delay the start of your ICI benefits or reduce the amount of benefits you receive, as benefits are reduced at the rate of 100% for payments you receive for leave time.

Example 1:
You satisfy your elimination period on March 1, but you continue to use some form of leave time to stay in full pay status with your employer. Your ICI benefit will not start until you are no longer in full pay status.

Example 2:
You satisfy your elimination period on March 1, but you continue to use two hours of sick leave per day to stay in partial pay status with your employer. Your ICI benefit will be reduced by the amount you receive from your employer for leave time paid.

How Much Will I Receive?

Benefit Amount
The ICI benefit is calculated by multiplying your average monthly earnings from the previous year by 75%. A maximum of $120,000 in annual earnings are covered, resulting in a maximum benefit of $7,500 per month.

For disabilities lasting longer than 12 months, a supplement of $75 per month is added to the normal benefit amount.

Offsets/Reductions
ICI benefits will not duplicate other income sources available to you, but rather will supplement these income sources to provide a specified level of disability income. Therefore, your ICI benefit will be reduced by income received from sources including, but not limited to:

- Social Security based on your work record (regular or disability)*.
- Unemployment compensation.
- Workers' compensation (except permanent disability awards).
- WRS benefits (retirement, disability retirement, or separation).
- Any employer sponsored/sanctioned salary continuation plan.
- Earnings, including self-employment.
- Duty disability.

In addition, your benefit will be reduced at the rate of 100% for any vacation, sick leave, holiday, or compensation pay you receive after your ICI benefit effective date.

If you receive a monthly retirement benefit from the WRS, your ICI will be reduced by the largest retirement benefit amount you are eligible to receive, even if you choose an option that pays a reduced benefit. If you take a separation or lump-sum benefit, your ICI benefit will be reduced by an equivalent monthly amount.

If you receive income from any of the above sources, it is important not to spend it until the ICI amount to be repaid is provided to you by the plan administrator. You will be required to repay any benefits you receive, or are eligible to receive, that cover the same time period as your ICI benefits.

You must also apply for all other benefits that you might be eligible to receive. If you fail to do this, your ICI benefit will be reduced by the largest benefit amount you could receive from another source.

If you are approved to return to part-time employment with your prior employer, your benefit will be reduced (offset) at the rate of 75% of your earnings. If medical evidence indicates you are capable of working part-time but you do not return to work, your benefit will be reduced by an estimated earnings offset. See the *Returning to Work* section of this brochure for more information.

If Your Social Security Benefits Are Denied...

When Social Security benefits have been initially denied, you are required to pursue the appeal through the hearing level.

The ICI program does not require you to obtain an attorney to assist you in obtaining Social Security benefits. However, if you do decide to obtain an attorney and you win your appeal, the ICI program will only offset (reduce) your ICI benefit by the amount remaining after your attorney fees are subtracted from your initial Social Security award. The Social Security Administration (SSA) must approve the amount to be paid to the attorney, and documentation of the SSA's approval must be provided to the ICI plan.

Payment Dates
Benefits are paid monthly at the beginning of the month for the previous benefit month (i.e. January benefits are paid February 1).

Waiver of Premium
ICI premiums are waived effective the first of the month on or following the date of the first ICI benefit payment.

Note: If benefits begin on the first day of a month, the premium waiver begins on the same day.

The waiver of premium remains in effect for as long as you continue to be eligible for benefits. If benefits are terminated because you returned to full-time employment with a state employer, premium payments will resume.

If you choose to remain on a leave of absence after your disability ceases and have not terminated employment, you must immediately make arrangements for payment of the ICI premium through your employer. Otherwise, coverage will terminate and can only be reinstated after you return to work and reapply for coverage.

Taxable Benefits
A portion or all of your ICI benefit may be taxable income to you. As the percentage of the total premium paid by your employer as a fringe benefit increases, there is a corresponding increase in the percentage of benefits that is considered taxable income. The taxable portion is based on an average of the premium percentage paid by the employer over the three years prior to the year in which ICI benefits are first paid.

However, due to changes in the tax laws and the interpretation of the revenue code, you should consult both state and federal tax authorities for answers to any specific questions you have concerning the exclusion or inclusion of such benefit payments as taxable income.

The plan administrator will automatically withhold federal income tax from the taxable portion of a benefit. The amount of federal income tax withheld will equal the deduction for a single person with zero exemptions. If you wish to change the amount of federal tax withheld, you may submit Form W-4S or W-4 (available from the IRS) to the plan administrator.

Wisconsin state income tax will only be withheld from a taxable ICI benefit if you submit the *Wisconsin Withholding Exemption Form WT-4*. It is available from the Wisconsin Department of Revenue.

FICA: Social Security regulations provide that any income received from a sickness or disability plan during the first six months of a disability is subject to withholding for Social Security contributions if the employer has paid a portion of the premiums. The percent of the benefit subject to Social Security contributions equals the percent of the gross premium paid by the state. Any ICI benefits you receive during the first six months of disability will reflect this deduction for Social Security contributions unless your WRS employment is terminated and you are approved for disability retirement benefits.

Annual Tax Documents
The plan administrator will send you tax forms annually.

Participant's Responsibilities While Receiving the Benefit

Annual Statement of Earnings
After the first year of ICI benefits, you will be required to complete and return to ETF the *ICI Annual Income Certification* (DTPA-5905) on which you will report all earnings for the prior calendar year. The plan administrator normally sends this form out on February 1.

Medical Reports to Substantiate Disability
Your physician and the plan administrator will work together to determine how often your physician should follow up with you to certify that you are still disabled. The plan administrator will periodically ask your physician to complete supplemental medical forms. Cost for medical exams and copies of the medical records are your responsibility.

Failure to Comply
Benefits may be suspended or terminated if you fail to provide required information within 60 days of the date of the initial request or if you do not otherwise cooperate in meeting the program requirements.

Returning to Work

You may return to work with your prior WRS employer given your physician's release to return to work and your employer's ability to accommodate any restrictions imposed. Earnings paid when you return to work less than full-time will be offset at 75% (see example below). Earnings include pay for days taken as vacation, holiday, or compensation time. Paid sick leave will be offset at 100%.

Your part-time earnings will be offset based on the date of your earnings check. For example, your earnings check dated July 1 will be offset from the ICI benefit check dated August 1 (which covers the month of July).

If you are receiving long-term ICI benefits, you will be required to provide objective medical evidence (see *Definitions*) on a quarterly basis to continue to substantiate the disability.

If your physician releases you to return to work, but you choose not to, or you return to work but do not work the number of hours your physician released you to return, your ICI benefit will either be terminated or it will be offset (reduced) by estimated earnings. The estimated earnings offset will be calculated by multiplying your number of hours you were released to work by the hourly rate of pay.

If you are unable to work the number of hours your physician released you to work because of your medical condition, you should contact your physician immediately to discuss your inability to work those hours. Your physician will need to amend your restrictions. For benefit payment purposes, it is extremely important that your medical records reflect the amount and type of work you are able to perform.

Rehabilitative Training

If you have a rehabilitation plan that was approved by the Wisconsin Division of Vocational Rehabilitation (DVR), you need to contact the plan administrator and provide them with a copy of your approved plan. You will need to sign a release allowing the ICI program access to your pre-approved plan.

As an incentive to return to work, only 75% of earnings from approved rehabilitative employment may apply to the reduction of your ICI benefits. Earnings from non-approved rehabilitative employment will reduce your ICI benefit amount dollar-for-dollar (100%). The offset for the rehabilitative earnings are based on the date of the earnings check. See example below.

Example: Benefit reduction due to earnings from part-time return to work.

Monthly income continuation benefit		$2,812.50
Less: earnings with prior employer	$1,000.00	
Offset reduced to 75%	x 75%	- 750.00
Net monthly income continuation benefit		**$2,062.50**
Plus: earnings		+ 1,000.00
Total monthly income		**$3,062.50**

When Will My Benefit End?

Your ICI benefit will end on the earliest of the following dates:

- When medical evidence shows that you are capable of performing the duties of your position (or of any position if you've had a long-term disability, i.e. over 12 months).
- When you return to your former employment status (see the *Returning to Work* section).
- When you die. (The ICI program does not pay death benefits.)
- When you reach your maximum duration of benefits. If your first day disabled is on or before your 60th birthday, benefits end at age 65. However, if your first day of disability is *after* your 60th birthday, benefits will be payable for a period of five years from your date of disablement. See table at right.

Termination of employment does not affect the continued payment of your ICI benefits. Your benefits will not end until you meet one of the criteria above.

Age at Disablement	**Maximum Duration of Benefits From Date of Disablement**
On or before 60th birthday	To age 65
After 60th birthday	5 years

Definitions

Date of Disability—The day after your last day worked or the date your physician indicates that your medical condition meets the program's disability definition, whichever is later.

Elimination Period—This is the number of calendar days in which you must be completely off work in order to receive ICI benefits. Employees may select an elimination period up to 180 days.

Objective Medical Evidence—Test results such as blood tests, MRI, CAT scan, X-rays, etc. and physician's notes of regular visits recording the physician's observations of disabling symptoms and conditions.

The physician's opinion may rely in part on records of care provided by other medical professionals under the supervision of a physician, including but not limited to physician's assistants, midwives, psychologists and psychotherapists (MMSW).

The actual certification of disability must come from the licensed medical doctor, doctor of osteopathy, surgeon, podiatrist, dentist or nurse practitioner.

Plan Administrator—External company contracted by the Department of Employee Trust Funds to issue eligibility determinations and process individual claims. This is also sometimes referred to as a third-party administrator.

Regular Care and Attendance—Planned program of observation and treatment requiring personal attendance by a physician.

Substantial Gainful Activity—Gross earnings that are equal to or greater than the gross ICI benefit for the same period of time.

Totally Disabled—The ICI program has two definitions of disability depending on the duration of the disability:

Short-term Disability—the first 12 months of disability, while you are under the regular care and attendance of a physician, and your disability makes you unable to perform your job.

Long-term Disability—after the first 12 months of disability, while you are under the regular care and attendance of a physician, and your disability makes you unable to engage in any substantial gainful activity for which you are reasonably qualified.

Contact Us

Contacting ETF
See the back cover for ETF contact information.

Contacting the plan administrator: The Hartford

Phone
Toll Free: 1-800-960-0052
Fax: 1-833-357-5153

Mail
The Hartford
P.O. Box 14869
Lexington, KY 40512-4869

Email
ICIQuestions@thehartford.com

Contact ETF

etf.wi.gov

Find ETF-administered benefits information, forms, brochures, benefit calculators, educational offerings and other online resources. Stay connected with:

ETF E-Mail Updates

@wi_etf

1-877-533-5020

7:00 a.m. to 5:00 p.m. (CST), Monday-Friday

Benefit specialists are available to answer questions.

Wisconsin Relay: 711

PO Box 7931
Madison, WI 53707-7931

Write ETF or return forms.

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