



STATE OF WISCONSIN  
Department of Employee Trust Funds

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**CORRESPONDENCE MEMORANDUM**

**DATE:** May 25, 2005  
**TO:** Wisconsin Retirement Board  
Teacher Retirement Board  
**FROM:** Diane Poole, Director  
Disability Programs Bureau  
**SUBJECT:** Review of §40.63 Disability Retirement and §40.65 Duty Disability Application Determinations

At the request of the Wisconsin Retirement Board, the Department has conducted a review of calendar year 2004 application decisions for disability retirement and duty disability. In December 2003, we completed a review to determine if females were denied benefits significantly more often than males. The purpose of this current review is to provide updated gender statistics for denied disability applications and to compare current data to the December 2003 report.

Please note that this is the first time the Department has provided statistics to the Board for denied duty disability applications. Quarterly Board reports only include paid duty disability benefits. Denied duty disability applications are appealed to the Department of Workforce Development. The WR Board hears only appeals regarding benefit calculations once the application is approved.

**ELIGIBILITY REQUIREMENTS**

WRS Disability Annuity Benefits, §40.63, Wis. Stats.:

- Must be a participating WRS employee.
- Have at least five years or creditable service in five of the last seven calendar years. If the service requirement is not met, the disability must be work-related and the disability application received within two years of the last day worked.
  - Not be entitled to any further earnings from the employer
  - Not be expected to resume active service.
- Two licensed and practicing physicians approved or appointed by the Department must certify that the applicant is unable to engage in substantial gainful activity as defined by law, and that the disability is likely to be of long term and indefinite duration or to result in death.
- The employer must not dispute that the disability led to termination of employment.

Reviewed and approved by Tom Korpady, Division of Insurance Services.	
Signature _____	Date _____

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Duty Disability, §40.65, Wis. Stats.:

- Must be a protective occupation participant.
- Injured while performing his or her duty or contracts a disease due to his or her occupation.
- The disability is likely to be permanent; and
  - The disability causes the employee to retire from his or her job;
  - The employee's pay or position is reduced or he or she is assigned to light duty; or
  - The employee's promotional opportunities within the service are adversely affected if state or local employer rules, ordinance, policies or written agreements specifically prohibited promotion because of the disability.

**FINDINGS - WRS DISABILITY APPLICATIONS (§40.63)**

The graphs on the attached pages illustrate the 2004 data reviewed for this analysis. A total of 300 disability application determinations (164 females and 136 males) were reviewed. The data reflect the following:

- 1) Females comprise approximately 64% of the WRS population.
- 2) Females have filed more applications for disability retirement benefits than males. Females filed 55% (164) of the 300 disability benefit applications considered.
- 3) The Department denied 5% (14 out of 300) of the disability benefit applications received. The denial rate for female applicants was 3.7% versus 5.9% for male applicants.
- 4) Nearly 43% (6 of 14) of the Department's disability benefit application denial determinations were appealed to a Board. Of those, 33% (2 of 6) of the denials were female.
- 5) There was no discernible pattern for the reason for denied appeals. The primary reason for denial of disability benefits was the lack of medical certification of the disability from physicians. The second most common denial reason was that the employer disputed the approval of the benefit.

Teaching Members

5 denied applications

2 appeals filed

Females filed 2 appeals

Non-Teaching Members

9 denied applications

4 appeals filed

Females filed 1 appeal

**FINDINGS - DUTY DISABILITY APPLICATIONS (§40.65)**

The graphs on the attached pages illustrate the 2004 data reviewed for this analysis. A total of 42 disability application determinations from 7 females and 35 males were reviewed. The data reflect the following:

- 1) Females comprise approximately 19% of the WRS protective occupation population.

- 2) Females have filed fewer applications for duty disability than males. Females filed approximately 17% (7) of the 42 disability benefit applications considered.
- 3) The Department denied 9.5% (4 out of 42) of the duty disability applications received. The denial rate for female applicants was 14.3% versus 8.6% for male applicants.
- 4) None of the denied duty disability applications have been appealed. The applicants appeal to the Department of Workforce Development. The WR Board is not responsible for hearing the appeals of denied duty disability applications.
- 5) There was no discernible pattern for the reason for denied appeals. The primary reason for denial of disability benefits was the lack of medical certification of the disability from physicians. The second most common denial reason was that the employer disputed the approval of the benefit.

**CONCLUSIONS AND FOLLOW-UP**

The chart below displays the disability application denial data for 2000-2002 and 2004. In the 2003 Board report, the Department determined there was a higher percentage of denials for females (7.3%) applying for WRS disability benefits. In 2004, the percentage of denials for females decreased by 3.6%. The percentage of denials for males in 2003 was 4.9% and in 2004 it was 5.9%, resulting in a slight increase in denials of 1%.

Year	Program	Denials-Male	Denials-Female
2000-2002	40.63	4.9%	7.3%
2004	40.63	5.9%	3.7%
CHANGE		+1%	-3.6%
2004	40.65	8.6%	14.3%

Year	Program	All Application Denials
2000-2002	40.63	6.2%
2004	40.63	5%
CHANGE		-1.2%
2004	40.65	9.5%

Although the WRS population is predominantly female and we have more disability applications being filed by females, we found that the denials of WRS disability benefits are now greater for the male population by 2.2%. As indicated above in the chart, we have reduced our overall denial rate by 1.2%.

Review of the 2004 duty disability data indicates that the protective population is predominantly male (81% male compared to 19% female). Applications submitted are consistent with the breakdown of the protective population (83% male and 17% female). For this period of time, there was a denial rate of 8.6% for males and 14.3% for females. The percentage rate of denials for females may be distorted due to the low number of applications (1 denial out of 7 applications).

The Department will continue to monitor the rate of denials in the next few years and provide a periodic summary of information to the retirement boards. Any questions or comments may be directed to Diane Poole at (608) 266-5387, Mary Pierick at (608) 261-0140 or Peg Narloch at (608) 267-9035.