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CORRESPONDENCE MEMORANDUM

DATE: November 18, 2015
TO: Audit Committee Members
FROM: Anne Boudreau, Deputy Administrator
Division of Retirement Services (DRS)
SUBJECT: Income Continuation Insurance Enrollment and Premium Reporting Audit
Management Corrective Action Follow-up Report

This memo is for Audit Committee review and discussion. No action is required.

At the last meeting of the Audit Committee, the results of the Income Continuation Insurance (ICI) Enrollment and Premium Reporting Audit were presented. This memo provides an update on ETF's progress with its action plan. Please find attached the *ICI Enrollment Audit – DRS Action Plan*, which provides the status of each action item.

There are four action items with the status "Not yet started." These all relate to ETF providing additional training and monitoring to the third-party administrator (TPA), and cannot begin until the administrative manuals and procedures have been updated (items 1.2 and 1.3). This is because the updated manuals and procedures are the foundation for the additional training for the TPA (items 1.4 and 4.1). After the training, ETF will be able to audit the results (items 1.5 and 3.1), check for compliance, and identify any additional training needs. The updates of manuals and procedures are almost complete.

Each of these four items also have no planned end date, but "will be ongoing" because there will always be changes to TPA staff, to laws, and to procedures. An ongoing plan for training and auditing for compliance is essential.

Deb Roemer, Director of the Benefit Services Bureau, will be available at the Audit Committee meeting to answer any questions. The Benefit Services Bureau includes oversight of the ICI program, including determining policy and monitoring the contract with the third-party administrator.

Attachment: ICI Enrollment Audit – DRS Action Plan

Reviewed and approved by Matt Stohr, Administrator,
Division of Retirement Services
Electronically Signed 12/1/15

Board	Mtg Date	Item #
AUD	12.10.15	5

ICI Enrollment Audit – DRS Action Plan

Item	Recommendation	Lead	Begin Date	End Date	Comments
1	Enhance Third Party Administrator (TPA) management				
	<ul style="list-style-type: none"> - Use performance-based contract terms related to enrollment processing and monitoring results - Provide additional training to TPA-Aetna - Update administrative manuals and procedures 				
1.1	Begin RFP procurement process ahead of Dec 2017 expiration of Aetna contract, including new performance-based requirements related to enrollments.	DPS	Sept 2016	March 2017	It is too early to begin the RFP process, but DPS has made note of the need for better performance-based requirements and is on track to begin the RFP process next fall.
1.2	Update administrative manual and procedures for local ICI	ESS	June 2015	Sept 2015	Completed. Manual was published online in September.
1.3	Update administrative manual and procedures for state ICI	ESS	Sept 2015	Dec 2015	Initial draft completed. Manual is now with DPS for review of policy and plan language. Revision of administrative manual is on track for the projected December completion date.
1.4	Schedule recurring meetings and training sessions with TPA to ensure correct application of administrative rules and procedures	ESS	Jan 2016	Will be ongoing	Not yet started. Meetings will begin upon completion of manuals and procedures.
1.5	Audit sample of ICI applications to verify correct application of rules and procedures, and to identify additional training needs	ESS	Jan 2016	Will be ongoing	Not yet started.
2	Initiate external monitoring by including enrollment process as part of Wipfli engagement				
2.1	Exercise three-year renewal option with Wipfli, adding ICI enrollment process to contract	DPS	N/A	Dec 2015	In process.
3	Implement monitoring process for EOI applications				
3.1	Audit sample of EOI applications to verify timely response to members	ESS and DPS	Jan 2016	Will be ongoing	Not yet started.
4	Apply the same rules for determining the coverage effective date across all enrollment opportunities				

4.1	Educate and monitor TPA regarding correct application of rules, as described in item 1.5 above	ESS	Jan 2016	Will be ongoing	Not yet started.
5 Provide additional employer training and update employer administration manuals for ICI					
5.1	Create ICI webinar training for all employers	ESS	Sept 2015	Dec 2015	Webinar has been created. Training sessions are scheduled to begin in December 2015.
6 Improve communication between DPS and ESS					
6.1	Achieve better communication via team projects, cross training, and other opportunities	DPS and ESS	Sept 2015	Will be ongoing	ESS and DPS have been working well together, clarifying boundaries of service and opportunities for cooperative efforts. One example is the administrative manual revision. This is a joint project for these two units, with ESS revising the manual for operations (e.g. how to complete and submit ICI application) and DPS verifying accuracy for policy and plan language (e.g. how to determine eligibility).
7 Establish an ICI enrollment database					
7.1	Create and implement database as part of Benefit Administration System (BAS) project	DPS	July 2015	Jan 2017	Requirements gathering in process. The database will be part of BAS Rollout 2, which has a tentative implementation date of January 2017.

Last updated: November 23, 2015