



**STATE OF WISCONSIN**  
**Department of Employee Trust Funds**  
 Robert J. Conlin  
 SECRETARY

Wisconsin Department  
 of Employee Trust Funds  
 PO Box 7931  
 Madison WI 53707-7931  
 1-877-533-5020 (toll free)  
 Fax 608-267-4549  
 etf.wi.gov

***Correspondence Memorandum***

**Date:** February 28, 2020  
**To:** Audit Committee  
**From:** Michelle Hoehne  
 Office of Internal Audit (OIA)  
**Subject:** Third-Party Administrator (TPA) Contract Compliance Audits

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

The following TPA contract compliance audits were recently completed by independent external auditors:

Securian – ETF retained Wipfli LLP to conduct an audit of Securian Financial Group, the administrator for the Group Life Insurance Program for plan years 2015-2017. The audit identified no significant program administration findings and did not include any recommendations. The results of this audit were presented to the Group Insurance Board (GIB) at its February 5, 2020 meeting for informational purposes only.

TASC – ETF retained Wipfli LLP to conduct the biennial audit of Total Administrative Service Corporation (TASC), the administrator for the Health Savings Account, Employee Reimbursement Account, and Commuter Fringe Benefit Account programs for plan years 2017 and 2018. The audits, separated by program, identified no systemic program administration findings. However, two recommendations were made. The first related to TPA and ETF monitoring of whether balances have been appropriately carried over to the following year. The second related to the TPA reviewing unusual transactions. The results of this audit were presented to the GIB at its February 5, 2020 meeting for informational purposes only.

Navitus – ETF retained PillarRx Consulting, LLC to conduct an audit of Navitus Health Solutions, LLC, the pharmacy benefit manager for the pharmacy benefit programs included in the Group Health Insurance Programs. This audit included multiple segments of services provided for plan years 2017 and 2018. PillarRx concluded that the pharmacy plans were being administered according to plan

Reviewed and approved by Yikchau Sze, Director, Office of Internal Audit

Electronically Signed 3/10/2020

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design documentation and all variances identified were validated as appropriate. No audit recommendations were included in the report. The results of this audit were shared with the GIB (written report only) at its November 13, 2019 meeting for informational purposes only.

The results of the audits, along with the summary memos provided to the GIB, are attached. ETF program management staff will be available at the Audit Committee meeting to answer questions.

**Attachment I: Contract Compliance Audit Results of the Wisconsin Public Employers (WPE) Group Life Insurance Program for the Plan Years 2015-2017; includes:**

- Memo to GIB
- Attachment A – Group Life Insurance Program Audit
- Attachment B – Group Life Insurance Program Internal Control Review

**Attachment II: Contract Compliance Audit Results of the Health Savings Account, Employee Reimbursement Accounts, and Commuter Fringe Benefit Accounts for the Plan Years 2017-2018, includes:**

- Memo to GIB
- Attachment A – Health Savings Accounts Audit
- Attachment B – Health Savings Account Internal Control Review
- Attachment C – Employee Reimbursement Accounts Audit
- Attachment D – Employee Reimbursement Accounts Internal Control Review
- Attachment E – Commuter Benefits Accounts Audit
- Attachment F – Commuter Benefits Accounts Internal Control Review

**Attachment III: Audit of Pharmacy Benefit Manager Services and Medicare Part D Employer Group Waiver Plan, includes:**

- Memo to GIB
- Attachment A – Executive Summary
- Attachment B – Audit Results
- Attachment C – Onsite Review of 2017 Pharmacy Network Contracts
- Attachment D – Employer Group Waiver Plan (EGWP) Medicare Part D Terms