



STATE OF WISCONSIN  
Department of Employee Trust Funds  
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**CORRESPONDENCE MEMORANDUM**

**DATE:** August 26, 2014  
**TO:** Employee Trust Funds Board  
**FROM:** Lucas Strelow, Policy Analyst, Office of Policy, Privacy and Compliance  
Steve Hurley, Director, Office of Policy, Privacy and Compliance  
**SUBJECT:** Delegation of Authority to Contract with Actuary for Health Insurance Programs.

**Staff recommends the Employee Trust Funds Board (ETF Board) approve the attached draft delegation of authority to the Group Insurance Board (GIB). (See Attachment 1).**

Under Wis. Stat. § 40.03(1)(d), the ETF Board has the sole power to approve contracts for actuarial services.<sup>1</sup> However, this Board is authorized under Wisconsin law to delegate its authority when desired<sup>2</sup> and has done so for other powers and duties. For example, this Board delegated to the ETF Secretary its duty under section 40.03(1)(a) to authorize and terminate the payment of annuities and death benefits.

For procurement of actuarial services, the ETF Board issues three separate Requests for Proposals:

1. Consulting Actuary for Health Insurance Programs
2. Consulting Actuary for Group Insurance and Disability Programs

<sup>1</sup> **40.03 Powers and duties. (1)** Employee trust funds board. The board:

(d) "Shall select and retain an actuary or an actuarial firm, under one or more contractual agreements which shall run to the department for the purpose of performing all actuarial services which are necessary for the operation and control of each of the insurance and benefit programs under this chapter. Under this paragraph, the board shall:

1. Determine the requirements for and qualifications of the actuary or the actuarial firms so retained.
2. Determine the terms and conditions of each contractual agreement, and the time any contractual agreement shall be in force.
3. Determine the procedure for the selection of an actuary or an actuarial firm.
4. Direct the secretary to sign on behalf of the department any contractual agreement approved by the board.

<sup>2</sup> **40.03 Powers and duties. (1)** Employee trust funds board. The board:  
(L) May delegate powers and duties as deemed necessary or desirable.

Reviewed and approved by Pamela Henning, Assistant  
Deputy Secretary

*Pamela L Henning*

Electronically Signed:  
09/05/2014

Board	Mtg Date	Item #
ETF	9.25.14	4B

3. Consulting Actuary for the Wisconsin Retirement System

However, the services provided by the actuary for the health insurance programs are focused on health insurance programs—which this Board does not oversee. One example: The actuary for health insurance programs conducts an annual review of the self-insured health and pharmacy benefit plans – programs that are sponsored by the GIB. Delegation of authority to contract with an actuary for health insurance programs recognizes that as the sponsor, the GIB is better-positioned to make determinations about actuarial services in relation to the health insurance programs, and will streamline the procurement process.

Under its terms, the attached delegation of authority must periodically be re-approved, and only relates to actuarial services in relation to health insurance programs sponsored by the GIB. This delegation does not affect procurements for actuarial services relating to group insurance and disability programs. If the Board approves the attached delegation of authority, staff will maintain the document in the Board's Governance Manual.

Staff will be at the Board meeting to answer any questions.

Attachment: Delegation of Authority to the Group Insurance Board to Contract for Actuarial Services for Health Insurance Programs

## Delegation of Authority to the Group Insurance Board to Contract for Actuarial Services for Health Insurance Programs

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*The Employee Trust Funds (ETF) Board hereby delegates to the Group Insurance Board authority under Wis. Stat. § 40.03(1)(d) to select and retain a consulting actuary for the health insurance programs sponsored by the Group Insurance Board.*

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### Authority for Delegation

The ETF Board is given authority under Wis. Stat. § 40.03(1)(L), to “delegate powers and duties as deemed necessary or desirable.” One of the powers listed in 40.03(1) is the selection and retention of actuarial services. Therefore, the ETF Board may choose to delegate aspects of this power.<sup>1</sup>

### Character of Delegated Authority

The ETF Board intends this to be a broad delegation to the Group Insurance Board in regard to the procurement of the services of a consulting actuary for the health insurance programs sponsored by the Group Insurance Board. The delegation of authority includes the power to determine requirements and qualifications, solicit and negotiate contracts, approve vendors, and oversee any vendor appeals. The Group Insurance Board may delegate as necessary to the ETF Secretary.

### Oversight

The ETF Board will periodically review the delegation and may retract delegation at any time. This delegation will expire on September 25, 2022, but may be extended or renewed by the ETF Board.

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4. Direct the secretary to sign on behalf of the department any contractual agreement approved by the board.

**(L)** May delegate powers and duties as deemed necessary or desirable.