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Correspondence Memorandum

Date: May 20, 2022

To: Employee Trust Funds Board

From: Laura Patterson, Policy Analyst
 Office of Policy, Privacy and Compliance

Subject: Re-issuance of Delegation of Authority to Contract for Actuarial Services for Health Insurance Programs to the Group Insurance Board (GIB)

Staff recommends the Employee Trust Funds Board (Board) renew the delegation of authority from the ETF Board to the GIB to execute health insurance program actuarial services contracts, including contract amendments.

The Board, the GIB, and the Department of Employee Trust Funds (ETF) secretary share the services of actuaries under Wis. Stat. § 40.03(5)(a). “The actuary or actuarial firm retained under sub. (1)(d): (a) Shall be the technical adviser of the board, the secretary and the group insurance board on any matters of an actuarial nature affecting the soundness of the fund or requiring any changes for more satisfactory operation.”

Under Wis. Stat. § 40.03(1)(d), the Board has the sole power to approve contracts for actuarial services. Under this provision, the Board 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 the insurance and benefit programs under this chapter. Also, under this provision, the Board shall direct the ETF secretary to sign on behalf of the Department any contractual agreement approved by the Board. As such, the Board’s scope of authority under the statute includes the power to approve health insurance actuarial services contracts.

Under Wis. Stat. § 40.03(1)(L), the Board “[m]ay delegate powers and duties as deemed necessary or desirable.” This provision allows the Board to delegate authority to the GIB or the ETF secretary to sign any contract or amendment.

On September 25, 2014, the Board delegated to the GIB authority to contract with the health insurance program actuary. Additionally, on March 21, 2019, the Board clarified

Reviewed and approved by Steve Hurley, Director, Office of Policy,
 Privacy and Compliance Electronically Signed 6/7/22

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that the 2014 delegation included the ability to execute contract amendments with the health insurance program actuary. Both delegations will expire on September 22, 2022.

ETF requests the Board issue a new delegation of authority to the GIB to execute health insurance program actuarial contracts, including contract amendments, and make this delegation ongoing until withdrawn by the Board. ETF will provide ongoing updates to the Board regarding the delegation.

If the Board approves the attached delegation of authority, the document will be maintained in the Board's Governance Manual.

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

Date Approved:

Delegation of Authority to the Group Insurance Board to Contract and make Amendments for Actuarial Services for Health Insurance Programs

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

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.¹

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, make any contract amendments, approve vendors, and oversee any vendor appeals. The Group Insurance Board may delegate as necessary to the ETF Secretary.

Oversight

This delegation will continue until withdrawn by the Board.

¹ **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.

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