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Department of Employee Trust Funds
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Correspondence Memorandum

Date: October 17, 2018
To: Group Insurance Board
From: Tom Rasmussen, Life Insurance Program Manager
Eileen Mallow, Director
Office of Strategic Health Policy
Subject: WPE Group Life Insurance Contract Extension

The Department of Employee Trust Funds (ETF) recommends the Group Insurance Board (Board) approve a two-year extension of the existing contract with Securian, the Board's life insurance program administrator, for the period of January 1, 2020 through December 31, 2022 to permit staff to consider options for programmatic changes, evaluate the market for potential vendors, improve the plan valuation and develop an RFP.

Background

ETF, through Deloitte Consulting, released the Request for Proposal (RFP) for administrating the Wisconsin Public Employer (WPE) Group Life Insurance Program in 2010. Securian was awarded the contract with the original contract term of January 1, 2011, through December 31, 2015, with the option to extend the contract for an additional two, one-year terms. The Board approved a one-year extension through December 31, 2016, and subsequently approved an additional three-year extension through December 31, 2019.

This request is for a contract extension for the period of January 1, 2020, through December 31, 2021.

Rationale

Securian has been the plan administrator of the WPE Group Life Insurance Program since its inception in 1958. Securian has provided consistent and reliable service to the State of Wisconsin and plan participants. The contract with Securian includes nine performance standards for customer service. Securian attained higher than targeted goals in all nine standards.

Reviewed and approved by John Voelker, Deputy Secretary

Electronically Signed 10/30/18

Board	Mtg Date	Item #
GIB	11.14.18	8B

However, as previously outlined in a memo to the Board at the August 22 meeting, the current valuation of the state plan needs attention (Ref. GIB | 8.22.18 | 7C). The valuation has trended down in recent years. Prior to releasing a new RFP, ETF would like to examine the factors contributing to the low valuation and identify any needed administrative changes in the program moving forward. ETF has engaged Milliman to assist with an evaluation of market conditions and other issues described below.

Proposal

ETF recommends amending the current contract to include an additional two years. This allows the contract to remain in place from January 1, 2020, through December 31, 2021. Extending the contract for the proposed additional time will:

- Provide uninterrupted member access to a quality product and customer service team.
- Allow ETF and Milliman additional time to further examine the issue of the valuation being lower than desired.
- Allow the release of a Request for Information (RFI), in November 2018, to solicit information from life insurance providers in the broader life insurance market to better cultivate a competitive RFP environment.
- Allow appropriate time for ETF to develop and publish an RFP for a life insurance contract to begin January 1, 2022.

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