



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

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Correspondence Memorandum

Date: February 8, 2019
To: Group Insurance Board
From: Bonnie Cyganek, Director
Bureau of Budget, Contract Administration and Procurement (BCAP)
Subject: Group Insurance Board Authority Contracts Update

This memo is for informational purposes only. No Board action is required.

Statutory Background

The GIB is granted authority under Wisconsin statutes to enter into contracts necessary for the administration of insurance programs. The list below documents the relevant statutory provisions for current contracts.

Pursuant to s.40.03(6)(a) Wis. Stat., the GIB shall enter into contracts with insurers authorized in this state for the purpose of providing group insurance plans and may provide group insurance plans on a self-insured basis and contract directly with providers to provide insured employees with the benefits provided under this chapter. The offering by the state of long-term care insurance policies under s.40.03(6)(h) constitutes a group insurance plan under (6)(a)1.

Under s.40.515(2) Wis. Stat., the GIB may contract to provide administrative and other services related to Health Savings Accounts used in conjunction with a high-deductible health plan.

Under s.40.03(6)(b) Wis. Stat., the GIB may provide other group insurance plans determined by contracts which provide that the employer is not liable for any obligations except as agreed to by the employer. These other plans are commonly referred to as supplemental, employee-pay-all plans.

The GIB may, under s.40.03(6)(j) Wis. Stat., contract with the department of health services and other public or private entities for data collection and analysis services related to health maintenance organizations and insurance companies that provide

Reviewed and approved by Pamela Henning, Assistant Deputy
Secretary

Pamela L Henning

Electronically Signed 2/8/19

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health insurance to state employees. ETF is also authorized under s.153.05(2r) Wis. Stat. to expend funds to contract with a data organization to perform collection and dissemination of health care and related information services.

Under s.40.85 Wis. Stat., the ETF Board shall select and contract with employee reimbursement account plan providers. The ETF Board has delegated this authority to the GIB.

The GIB, under s.40.62(1) Wis. Stat., has established an Income Continuation Insurance plan.

Under s.40.03(1)(d) Wis. Stat., the ETF Board shall select and retain an actuary under contractual agreements which shall run to the department for the purposes of performing all actuarial services necessary for operations and control of each of the insurance and benefit programs under this chapter. The ETF Board has delegated to the GIB procurement authority for actuarial services for programs under its purview.

Financial information and statistics for these programs are published in the ETF Comprehensive Annual Financial Report <http://etf.wi.gov/about/2017-cafr.pdf>.

Current Status of Active GIB Contracts

Group Health Insurance

There are ten 2019 health plan contracts for fully-insured medical coverage: Dean Health Insurance, Group Health Cooperative (GHC) Eau Claire, GHC of South Central Wisconsin, HealthPartners Health Plan, Medical Associates Health Plans, MercyCare Health Plans, Network Health, Security Health Plan, Unity Health Plans Insurance Corporation (Quartz Health Solutions), and WEA Trust.

Administration of Medicare Advantage plans for Medicare-enrolled participants in the State Group Health Insurance Program (GHIP) and the Wisconsin Public Employer (WPE) programs for local government employees and retirees is contracted with United Healthcare through December 31, 2021. Two additional, two-year renewal periods are possible.

Third-party administration of pharmacy benefits is contracted with Navitus Health Solutions, LLC, through December 31, 2021, with the option to extend the contract for an additional three years.

Third-party administration of dental benefits is contracted with Delta Dental of Wisconsin through December 31, 2019. The GIB approved extending this contract to December 31, 2021 at its November 14, 2018 meeting.

Administration of Wellness and Disease Management programs is contracted with The StayWell Company, LLC, through December 31, 2019. ETF has amended the contract

to provide initially out-of-scope pilot group coaching services using operations funding designated for wellness programming. The GIB approved extending this contract to December 31, 2021 at its November 14, 2018 meeting.

ETF has an ongoing contract with WPS Health Insurance requiring their submittal of biweekly data files to ETF containing the pertinent information needed for ETF to process claims after the run-out period of their prior contract. This is an hourly rate contract paid with ETF operations funding and continues until either party provides a 30-day advance written notice of termination.

Supplemental Employee-Pay-All Health Plans

Supplemental benefits in 2019 are provided as follows: dental benefits by Delta Dental of Wisconsin; vision benefits by VSP Vision Care; and accidental death & dismemberment by Zurich. Long-term care insurance policies are offered by Mutual of Omaha, administered by Health Choice.

Health Data

The GIB entered into a contract for a health data warehouse and business intelligence services with IBM Watson (formerly known as Truven Health Analytics) in March 2017. Contract change orders have been processed internally throughout the development, deployment, and transition to operations phases to meet technical functional requirements. The GIB was provided a data warehouse and health analytics program update at its November 14, 2018 meeting. The contract expires December 31, 2020 and has a two-year renewal option remaining.

ETF is party to a contract through December 31, 2019 with the Department of Health Services and the Wisconsin Health Information Organization (WHIO), a non-profit organization that aggregates health care data and submits health provider information to ETF's data warehouse.

Income Continuation Insurance

Third-party administration of the Income Continuation Insurance Program is contracted with The Hartford Group (formerly known as Aetna) through December 31, 2019. The GIB approved extending this contract to December 31, 2021 at its November 14, 2018 meeting.

Group Life Insurance

Third-party administration of the life insurance program is contracted with Securian Financial (formerly Minnesota Life Insurance Company) through December 31, 2019. The GIB approved extending this contract to December 31, 2021 at its November 14, 2018 meeting.

Employee Reimbursement Accounts

Administration of employee reimbursement accounts, health savings accounts, and the commuter benefits program is contracted with Total Administrative Services Corporation

(TASC). The GIB approved extending the contract from December 31, 2018 through December 31, 2019 at its February 21, 2018 meeting. The amendment for the extension and to incorporate additional provisions relating to improving performance, remediating audit findings, and the potential transition of the programs to a new vendor remains under negotiation.

Actuarial and Contract Compliance Audit Services

Consulting actuary services for the health insurance programs are currently provided by Segal Consulting through an evergreen contract, which continues until cancelled.

Annual renewals are not completely automatic, as they involve review of the vendor's performance by ETF, the GIB, and negotiation of an inflationary cost increase.

Consulting actuary services for the income continuation insurance and group life insurance programs are currently provided by Milliman, Inc., through an evergreen contract structured in the same manner as the Segal actuarial contract. The contract was amended recently to include scope and costs for assisting ETF in the development of a life insurance program Request for Information (RFI) for release to potential vendors, and to conduct an actuarial audit of the sick leave conversion credit program valuation conducted by Gabriel, Roeder, Smith & Company (GRS). Procurement delegation for these actuarial audit services was granted by the ETF Board to the ETF Secretary at its December 13, 2018 meeting.

Contract compliance audits for the pharmacy benefits program are performed under a contract with Pillar Rx Consulting, LLC, through April 30, 2020.

Contract compliance audits for the life insurance program are performed under a contract with Wipfi LLP, through May 31, 2019.

All the active contracts noted above are listed in the following table; those that currently have pending activity are highlighted.

Contract Name	Vendor	Start	End	# Renewals Left	Length of Each Renewal (Years)
Group Health Insurance	10 vendors	01/01/19	12/31/19	0	0
Medicare Advantage	United Healthcare	06/01/18	12/31/21	2	2
Pharmacy Benefits Program	Navitus Health Solutions, LLC	07/18/17	12/31/21	3	1
Uniform Dental Benefits	Delta Dental of Wisconsin	07/15/15	12/31/19	1	2
Wellness and Disease Management Programs	The StayWell Company, LLC	08/16/16	12/31/19	3	1

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Access Health Plan (prior years)	WPS	10/18/18		0	0
Supplemental Employee Pay All Dental Insurance Plan	Delta Dental of Wisconsin	01/01/19	12/31/19	0	0
Supplemental Employee Pay All - Vision	VSP	01/01/19	12/31/20	0	0
Supplemental Employee Pay All - Accidental Death & Dismemberment	Zurich American Insurance Company	01/01/19	12/31/19	0	0
Long-Term Care Insurance	Mutual of Omaha	11/11/16	12/31/19	0	0
Data Warehouse & Visual Business Intelligence	IBM Watson	03/01/17	12/31/20	1	2
Health Data	DHS & WHIO	04/25/12	12/31/21		
Income Continuation Insurance	The Hartford Group	01/01/09	12/31/19	1	2
Group Life Insurance	Securian Financial	01/01/11	12/31/19	1	2
Employee Reimbursement, Health Savings Accounts and Commuter Benefits Program	Total Administrative Services Corporation	09/01/14	12/31/18	1	1
Consulting Actuary for Health Programs	The Segal Company	10/01/14	12/31/2018*		
Consulting Actuary for ICI & Life Insurance	Milliman, Inc.	10/01/14	12/31/2019*		
Compliance Audit Services for Pharmacy Benefit	PillarRx	01/01/10	04/30/20	0	0
Compliance Audit Services for Life Insurance	Wipfli LLP	01/01/16	05/31/19	0	0

*renewed automatically or by notice from year to year until canceled by the either party

Pending Contract Activity

Uniform Dental Benefits. The amendment to extend the current contract with Delta Dental to December 31, 2021 per GIB action in November 2018 is in progress.

Wellness and Disease Management. The GIB approved a two-year extension of this contract to December 31, 2012 at its November 14, 2018 meeting. An amendment to extend it for the first year to December 31, 2020 is under negotiation. The pending amendment also includes additional performance guarantees, provision of data exports to the pharmacy benefit administrator, some customized member communications, and an additional on-site resource.

Supplemental Health Plans. An update on long-term care insurance will be provided at the February 20, 2019 GIB meeting. Proposals for other 2020 plans have been

received and are being reviewed. Recommendations will be made at the May 15, 2019 GIB meeting.

Income Continuation Insurance. The amendment to extend the current contract with The Hartford Group to December 31, 2021 per GIB action in November 2018 is in progress.

Group Life Insurance. ETF issued a Request for Information (RFI) in November 2018 to evaluate the market for potential vendors for program administration when the existing contract with Securian expires. The results of the RFI process will be presented at the February 21, 2019 GIB meeting.

Employee Reimbursement Accounts/Health Savings Accounts/Commuter Benefits. As noted above, the amendment to extend the existing contract with TASC for the calendar plan year 2019 remains under negotiation. ETF issued an RFP in June 2018 for administration of these programs starting in plan year 2020. The results of the RFP process will be presented at the February 20, 2019 GIB meeting.

Actuarial Services. An amendment to the Segal contract to establish 2019 rates is in progress. The amendment will also incorporate clarified roles, responsibilities, and timelines for the annual health insurance rate-setting process and services to conduct actuarial audits of the Income Continuation and Duty Disability program valuations conducted by GRS. Procurement delegation for these actuarial audit services was granted by the ETF Board to the ETF Secretary at its December 13, 2018 meeting.

Contract Compliance Audit Services. ETF issued an RFP for compliance audit services in October 2018 for multiple programs, including several with GIB oversight. The notice of intent to award a contract is attached to this memo. The RFP process did not yield vendor responses for the data warehouse and analytics program or the wellness and disease management program. ETF staff are exploring other options to secure those services.

Future Contract Updates

Future updates will be limited to activity since the previous update and work in progress unless additional information is requested by the GIB.

Staff will be available at the meeting to address any questions.

Attachment: Compliance Audit Letter of Intent to Award Contract



State of Wisconsin
Department of Employee Trust Funds
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Madison, WI 53705-9100
P. O. Box 7931
Madison, WI 53707-7931

February 1, 2019

To Whom It May Concern:

On behalf of the Employee Trust Funds Board and the Deferred Compensation Board, and pursuant to Chapter 40 of the Wisconsin Statutes, the State of Wisconsin Department of Employee Trust Funds intends to contract with the following vendors for the Request for Proposals listed below:

RFP#	RFP Title	Vendor
ETH0039	Compliance Audit Services for IRC Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA) Program	Wipfli
ETH0040	Compliance Audit Services for Health Savings Accounts (HSA) Program	Wipfli
ETH0041	Compliance Audit Services for Commuter Fringe Benefits Accounts (Commuter) Program	Wipfli
ETH0042	Compliance Audit Services for Pharmacy Benefit (PBM) Program	PillarRx
ETH0043	Compliance Audit Services for Income Continuation Insurance (ICI) Program	Wipfli
ETH0044	Compliance Audit Services for Life Insurance (Life) Program	Wipfli
ETH0045	Compliance Audit Services for Uniform Dental Benefits (Dental) Program	Claim Technologies, Inc.
ETH0048	Compliance Audit Services for Wisconsin Deferred Compensation (WDC) Program	Wipfli

This letter is a notice of intent to contract and does not constitute a contractual commitment.

Sincerely,

Joanne Klaas | Contracts Specialist
Budget, Contract Administration & Procurement
Wisconsin Department of Employee Trust Funds | etf.wi.gov
608 261-7247 | 877 533-5020

cc: RFP Proposers: Wipfli, Claim Technologies, Inc., PillarRx
RFP Evaluation Committee
ETF Procurement File, ETF Secretary's Office, ETF Office of Legal Services