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Correspondence Memorandum

Date: July 28, 2022

To: Group Insurance Board

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

Subject: Renewal of Group Insurance Board delegation to the ETF Secretary for executing health insurance program actuarial contracts


ETF recommends the Group Insurance Board (GIB) renew its delegation of authority to the ETF Secretary to execute contracts and amendments for health insurance program actuarial services.

The Employee Trust Funds (ETF) Board, the GIB, and the 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 ETF Board has the sole power to approve contracts for actuarial services. Under this paragraph, the ETF Board “[s]hall 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 paragraph, the ETF Board shall direct the ETF Secretary to sign on behalf of the Department any contractual agreement approved by the Board. As such, this would include the health insurance actuarial services contracts.

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

On June 23, 2022, the ETF Board renewed its delegation of authority to the GIB to execute contracts, including amendments, with the health insurance program actuary. This delegation is ongoing and will not expire unless the ETF Board takes action to end the delegation. The GIB currently delegates to the ETF Secretary the power to execute health insurance program actuarial contracts, including contract amendments. The delegation will expire on September 25, 2022, if not renewed.

Reviewed and approved by Steve Hurley, Director, Office of Policy, Privacy, and Compliance  Electronically Signed 08/03/2022

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Under Wis. Stat. § 40.03(6)(d), the GIB “[m]ay take any action as trustees which is deemed advisable and not specifically prohibited or delegated to some other governmental agency, to carry out the purpose and intent of the group insurance plans provided under this chapter.” When the ETF Board delegated authority to the GIB on June 23, 2022, it also gave the GIB the ability to “delegate as necessary to the ETF Secretary.” (Attachment 1).

ETF is requesting the GIB renew its existing delegation of authority to the ETF Secretary to execute health insurance program actuarial contracts, including contract amendments. ETF also requests that this delegation be made ongoing until withdrawn by the GIB. ETF will provide ongoing updates to the GIB regarding contracts or amendments signed by the ETF Secretary under the delegation.

If the GIB approves the attached delegation of authority (Attachment 2), the document will be maintained in the Board’s Governance Manual.

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

Attachment 1: Delegation of Authority to the Group Insurance Board to Contract and make Amendments for Actuarial Services for Health Insurance Programs

Attachment 2: Delegation of Authority to the ETF Secretary to execute health insurance program actuarial contracts and amendments, until such delegation is withdrawn by the Board

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.

Delegation of Authority to the ETF Secretary to execute health insurance program actuarial contracts and amendments, until such delegation is withdrawn by the Board

The Group Insurance Board hereby delegates to the ETF Secretary authority under Wis. Stat. § 40.03(6)(d) to execute contracts and contract amendments with the Board's actuarial firms and under Wis. Stat. § 40.03(L) to execute contracts and contract amendments with the Board's health insurance program actuary.

Authority for Delegation

The Group Insurance Board has authority under Wis. Stat. § 40.03(6)(d) to “take any action as trustees which is deemed advisable and not specifically prohibited or delegated to some other governmental agency, to carry out the purpose and intent of the group insurance plans provided under this chapter...” (emphasis added). The Group Insurance Board also has authority to delegate as necessary to the ETF Secretary under the June 23, 2022, Delegation of Authority from the ETF Board.

Character of Delegated Authority

The Group Insurance Board intends this delegation to authorize the ETF Secretary to execute health insurance program actuarial contracts, including contract amendments.

ETF staff intend to provide the Board with Operational Updates on contract activity at future Board meetings.

Oversight

This delegation will continue until withdrawn by the Board.