



STATE OF WISCONSIN
Department of Employee Trust Funds
 A. John Voelker
 SECRETARY

Wisconsin Department
 of Employee Trust Funds
 PO Box 7931
 Madison WI 53707-7931
 1-877-533-5020 (toll free)
 Fax 608-267-4549
etf.wi.gov

Correspondence Memorandum

Date: October 13, 2022

To: Group Insurance Board

From: Cindy Klimke-Armatoski, Chief Trust Finance Officer
 Division of Trust Finance

Subject: Health Insurance Administrative Fees

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

The purpose of this memo is to inform the Group Insurance Board (Board) of administrative fees charged to the Group Health Insurance Program (GHIP) and added to health insurance premiums. Attached are graphs showing the fee per health contract per month, as well as the total annual dollar amount of costs since 2016.

The annual cost is broken out between The Department of Employee Trust Funds (ETF) administrative costs, wellness program costs, and data warehouse costs. ETF administrative costs include items such as staff salaries, compliance audits, and actuarial services. Wellness program costs include fees paid to the vendor for wellness and disease management program administration, coaching, and biometric screenings, as well as incentive payments to members beginning in 2017. Data warehouse costs include fees paid to Merative (formerly IBM Watson) for the health data warehouse and business intelligence services and, more recently, cost for Benefits Mentor, the interactive benefits counselor.

For rate setting purposes, each year staff estimate the upcoming year's administrative costs. A monthly rate is calculated per health contract and added to the health insurance premium billed to employers and retirees. Because actual costs incurred will not equal the estimated amount, a true-up is factored into the calculation for prior year differences.

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

Attachment A: [History of Health Insurance Administrative Fees](#)

Board	Mtg Date	Item #
GIB	11.16.22	10

Reviewed and approved by Shirley Eckes, Deputy Secretary
 Electronically Signed 10/25/22