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SECRETARY

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## Correspondence Memorandum

**Date:** October 25, 2023  
**To:** Group Insurance Board  
**From:** Eileen Mallow, Director  
Office of Strategic Health Policy  
**Subject:** Reserve Policy Discussion

**The Department of Employee Trust Funds (ETF) requests the Group Insurance Board (Board) adopt the attached updated policy for managing program reserves.**

### Background

A recommendation in the 2019 Legislative Audit Bureau (LAB) report, [Administration and Oversight of Group Insurance Programs](#), on the operations of the Group Health Insurance Program (GHIP) and the Wisconsin Public Employer (WPE) plan is that a policy be established for the management of program reserves. An initial policy was adopted by the Board at the November 18, 2020, meeting, with an expectation that the policy be reviewed not less than once every three years. With some experience in applying the policy, several adjustments are recommended.

### Recommendations

The attached policy includes the following suggested changes:

1. Statutory authority for a reserve is noted in the policy.
2. Clarification that reserves for the GHIP and WPE are separate.
3. The Board will use the mid-point of the reserve range for each pool as its intended reserve balance at the end of each rate cycle.
4. If, in any rate cycle, reserve projections for future plan years are outside the target range (either above or below the range), the Board will adopt a plan to return to the target range within five years.
5. Noted that any GHIP or WPE assets are managed by the State of Wisconsin Investment Board in the Core Fund.

Following Board approval, the revised policy will be added to the Board Governance Manual.

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

Attachment A: [Draft reserve policy](#)

Reviewed and approved by John Voelker, Secretary  
Electronically Signed 11/01/2023

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