



Contract by Authorized Board

Commodity or Service:

Contract No.:

Consulting Actuary for Wisconsin
 Group Insurance and Disability Programs

ETD0013 – Amendment #20 dated January 13, 2023

Contract Period: January 1, 2023 through December 31, 2023

1. This Contract Amendment #20 is entered into by the State of Wisconsin, Department of Employee Trust Funds hereinafter referred to as the "Department," and Milliman, Inc., hereinafter referred to as the "Contractor," whose address and principal officer appear on page 4 below. The Department is the sole point of contact for this Contract.
2. Whereby the Department agrees to direct the purchase and the Contractor agrees to supply the Contract requirements cited herein in accordance with the State of Wisconsin standard terms and conditions and in accordance with the Contractor's proposal date February 17, 2014 hereby made a part of this contract by reference.
3. In connection with the performance of work under this Contract, the Contractor agrees not to discriminate against any employees or applicants for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability as defined in s.51.01(5), Wis. Stats., sexual orientation as defined in s.111.32(13m), Wis. Stats., or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor further agrees to take affirmative action to ensure equal employment opportunities. The Contractor agrees to post in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the nondiscrimination clause.
4. Contracts estimated to be over fifty thousand dollars (\$50,000) require the submission of a written affirmative action plan. Contractors with an annual work force of less than fifty (50) employees are exempted from this requirement. Within fifteen (15) business days after the award of the Contract, the plan shall be submitted for approval to the Department. Technical assistance regarding this clause is provided by the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931, 608.266.2586, or via e-mail at ETFSMBProcurement@etf.wi.gov.
5. This initial contract period is for fifteen (15) months. Each contract period annually will be for twelve (12) months and extend unless and until either party gives the other 180 days' notice of their intent to cancel the contract.
6. The Contract Amendment 1 is to add Milliman's Proposal for Disability Plan Design Analysis Scope of Work dated January 13, 2015 (amended March 26, 2015). Task reimbursement amounts are eligible for payment from Table 1, when ETF gives written acceptance of the tasks satisfactory receipt and will cost no more than \$75,000. All task estimated timeframes are mutually agreed upon and deviations must be mutually agreed upon. The Contract Amendment 1 may be amended to reflect any change in tasks' estimated timeframes, additional requested work or costs associated with additional work requests. The Additional Plan Design Options (APDO) for researching the plan design for similar employers, including other state systems and large public sector plans will cost no more than \$5,000. Reimbursement for the APDO work is eligible for payment when ETF gives written acceptance of satisfactory receipt. All travel expenses associated with the services for this amendment shall be billed at actual costs, be reasonable for the work conducted, and when appropriate, be at state approved rates. Contract Amendment 1 is for the total cost not to exceed \$80,000.
7. The Contract Amendment 2 is dated February 3, 2016 for the consulting actuary related services, with the costs not to exceed \$118,450.
8. Article 6 above is amended to add expanded project analysis work on the Income Continuation Insurance (ICI) program and hereby incorporated by reference the Milliman letter dated January 21, 2016 for the Disability Plan Design Work. Delivery date for this expanded project analysis is June 30, 2016. The expanded analysis project, project delivery date, and an additional amount of \$25,000 has been mutually agreed upon. The original amounts from Article 7 and the additional amount included in this article are in addition to the contract amount for the consulting actuary related services specified in Article 8.
9. The Contract Amendment 3 is dated September 23, 2016 for the GASB 74 Implementation Planning, with the costs not to exceed \$71,000.

10. The Contract Amendment 4 is dated February 13, 2017 for the consulting actuary related services, with the costs not to exceed \$120,712.
11. The Contract Amendment 4 is dated February 13, 2017 and amends Contract Amendment 1 Scope of Work dated March 26, 2015, as permitted in Article 6 to include costs associated with additional work requests in the amount of \$5,000 and to remove provisions in Article 6 related to APDO work. The total cost for these services are not to exceed \$5,000 and are not included in Section 10 above costs.
12. The Contract Amendment 5 is dated January 5, 2018 for consulting actuary related services, with the costs not to exceed \$123,332.
13. The Contract Amendment 6 is dated June 22, 2018 and adds Amendment 6A which documents Contractor's scope of work, detailed in Attachment 6A, and clarifies payment is to be made by the Department's third party administrator of the Life Insurance Program to Contractor, and also adds Amendment 6B which documents the scope of Contractor's presentation related to the new GASB standards 74 and 75 impacting the valuation of the Retiree Life Insurance programs (State and Local plans) to the Wisconsin Group Insurance Board on August 22, 2018, the costs for which are not to exceed \$4,500.
14. The Contract Amendment 7 is dated October 2, 2018 which documents Contractor's scope of work detailed in Milliman's September 24, 2018 letter (attached), the costs for which are not to exceed \$25,000 and all work completed prior to the November 14, 2018 Group Insurance Board meeting.
15. The Contract Amendment 8 is dated January 17, 2019 which documents:
 - Contractor's scope of work detailed in Contractor's December 19, 2018 letter to the Department (attached) for actuarial audit of accumulated sick leave conversion credit program valuation wherein costs shall not exceed \$35,000; and
 - The consulting actuary related services, with the costs not to exceed \$126,021 for calendar year 2019.
16. The Contract Amendment 9 is dated October 25, 2019 and includes Contractor's letter to the Department dated October 14, 2019 (attached) with the agreed upon statement of work for services related to the Department's Group Life Insurance Request for Proposals, the costs for which shall not exceed \$32,000.
17. The Contract Amendment 10 is dated November 1, 2019 and includes Contractor's letter to the Department dated October 15, 2019 (attached) with the agreed upon statement of work for services related to the Department's Experience Studies for Duty Disability and Income Continuation Insurance Programs, the costs for which shall not exceed \$75,000.
18. The Contract Amendment 11 dated January 2, 2020 is for consulting actuary related retainer services described in RFP ETD0013 with costs not to exceed \$128,604 for calendar year 2020.
19. The Contract Amendment 12 dated January 25, 2021 is for:
 - Consulting actuary related retainer services described in RFP ETD0013 with costs not to exceed \$130,122 for calendar year 2021.
 - Contractor's scope of work detailed in their January 21, 2021 letter (attached) to the Department regarding State and Local Retiree Life Insurance GASB 74 Implementation Services with costs not to exceed \$25,000.
 - Additional work beyond that described in the January 21, 2021 scope of work, including work responding to audit inquiries or the creation of multiple draft reports, for reasons other than correcting Milliman errors, will be invoiced to the Department at the hourly rates in the attached January 21, 2021 letter and will be itemized by amendment number, auditor name, auditor firm, hours, hourly rate, and type of work performed. In the event this additional work exceeds \$3,000, Contractor will obtain prior approval from the Department before proceeding.
20. The Contract Amendment 13 dated August 16, 2021 is for the scope of work described in the attached July 1, 2021 letter regarding Impact of Eliminating Supplemental Benefits from the State and Local Income Continuation Insurance (ICI) Plans with costs not to exceed \$25,000.
21. The Contract Amendment 14 dated December 16, 2021 is for consulting actuary related retainer services described in RFP ETD0013 with costs not to exceed \$134,026 for calendar year 2022.
22. The Contract Amendment 15 dated January 25, 2022 is for:
 - Additional work required under the scope of work described in amendment #13 for studying the impact of eliminating supplemental benefits from the state and local Income Continuation Insurance (ICI) Plans with costs not to exceed \$5,000.
 - The work described in the Department's attached Wellness & Disease Management RFP SOW (SOW) and Contractor's attached January 18, 2022 response to the SOW with costs not to exceed \$60,000.

23. The Contract Amendment 16 dated April 21, 2022 is for the Milliman letter dated April 14, 2022 describing the scope of work for decoupling sick leave from income continuation insurance (ICI) program invoiced on a time and expenses basis not to exceed \$40,000.
24. The Contract Amendment 17 dated September 15, 2022 includes:
- Amendment 17A hereby caps the decoupling sick leave from ICI work described under Amendment #16 at \$23,716.25 (out of the do not exceed \$40,000) and reallocates the remaining \$16,283.75 for the scope of work described below in amendment 17A for analyzing the impact of increasing ICI basic covered payroll, a continuation of the work described under Amendments 13 and 15 first bullet point. For clarity, Amendment 17A has a do not exceed limit of \$20,000 (\$16,283.75 remaining from Amendment #16 plus an additional \$3,716.25) to completed the list of tasks described under Amendment 17A below.
 - Amendment 17B is for performing experience studies for the ICI and Duty Disability plans, and updating the assumptions for performing the December 31, 2022 valuation as described in the attached letter dated September 7, 2022 with a do not exceed limit of \$45,000.
- Contractor agrees to include on the identifying contract amendment number (and A or B identifier) and a brief description of the work done on all future invoices.
25. The Contract Amendment 18 dated December 14, 2022 is for consulting actuary related retainer services described in RFP ETD0013 with costs not to exceed \$138,047 for calendar year 2023. Contractor will invoice ETF quarterly for consulting actuary related retainer services described in RFP ETD0013. For any out-of-scope services, Contractor will provide ETF with an itemized listing of costs including: name of consultant providing the services, number of hours, hourly rate, reference the ETD0013 amendment number, and a detailed description of services provided.
26. The Contract Amendment 19 dated December 15, 2022 is for an additional \$1,079.44 related to the work described in Amendment 17A.
27. This Contract Amendment 20 dated January 13, 2023 is for the scope of work described in the attached letter regarding Income Continuation Insurance (ICI) Age Discrimination in Employment Act (ADEA) Benefit Schedule Analysis with a do not exceed limit of \$20,000.
28. For purposes of administering the Contract, the Order of Precedence is:
- A. The Contract with Milliman, Inc. dated July 31, 2014;
 - B. This Contract Amendment 20 dated January 13, 2023;
 - C. The Contract Amendment 19 dated December 15, 2022;
 - D. the Contract Amendment 18 dated December 14, 2022;
 - E. the Contract Amendment 17 dated September 15, 2022;
 - F. the Contract Amendment 16 dated April 21, 2022;
 - G. the Contract Amendment 15 dated January 25, 2022;
 - H. the Contract Amendment 14 dated December 16, 2021;
 - I. the Contract Amendment 13 dated August 16, 2021;
 - J. the Contract Amendment 12 dated January 25, 2021;
 - K. the Contract Amendment 11 dated January 2, 2020;
 - L. the Contract Amendment 10 dated November 1, 2019;
 - M. the Contract Amendment 9 dated October 25, 2019;
 - N. the Contract Amendment 8 dated January 17, 2019;
 - O. the Contract Amendment 7 dated October 2, 2018;
 - P. the Contract Amendment 6 dated June 28, 2018;
 - Q. the Contract Amendment 5 dated January 5, 2018;
 - R. the Contract Amendment 4 dated February 13, 2017;
 - S. the Contract Amendment 3 dated September 23, 2016 and Milliman letter dated September 14, 2016;
 - T. the Contract Amendment 2 dated February 3, 2016 and Milliman letter dated January 21, 2016;
 - U. the Contract Amendment 1 dated March 26, 2015;
 - V. questions from vendors and ETF Answers dated January 28, 2014;
 - W. Exhibit A, Changes Agreed to by the Parties from the Request for Proposal (RFP) ETD0013;
 - X. Exhibit B, Business Associates Agreement dated June 3, 2014;
 - Y. the RFP dated January 6, 2014; and,
 - Z. Contractor's proposal dated February 17, 2014.

Contract Number and Service:

ETD0013-Amendment #20
 Consulting Actuary for Wisconsin Group Insurance and Disability Programs

This Contract Amendment shall become effective upon the date of last signature below (the "Effective Date").

State of Wisconsin Department of Employee Trust Funds	
Signature	<i>John Voelker</i>
Name/Title	A. John Voelker Secretary, Department of Employee Trust Funds
Phone	608.266.0301
Date	1/13/2023

Contractor	
Legal Company Name	Milliman, Inc.
Trade Name	Milliman
Taxpayer Identification Number	91-0675641
Company Address (City, State, Zip)	121 Middle Street Suite 401 Portland, ME 04101
Name/Title	Daniel D. Skwire, Principal
Signature	<i>Daniel D. Skwire</i>
Phone	207.771.1203
Date	1/13/2023



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January 10, 2023

Mr. Jim Guidry
Bureau Director
Benefit Services
Wisconsin Department of Employee Trust Funds
P.O. Box 7931
Madison, WI 53707

RE: ADEA Benefit Schedule Analysis

Dear Jim,

Thank you for asking Milliman to assist the State of Wisconsin Department of Employee Trust Funds (ETF) in analyzing upcoming changes to the State and Local Income Continuation Insurance (ICI) plans. Under the current ICI termination provision, coverage automatically terminates at age 70 for all active members enrolled in ICI. ETF will be removing this provision, giving members the option to continue coverage beyond age 69. As a result of this change, the current benefit schedule will need to be modified to accommodate members who become disabled beyond age 69. The current schedule is provided below:

Current Benefit Schedule	
Age at Disablement	Maximum Benefit Period
Before age 62	To Age 65
62	3.50 years
63	3.00 years
64	2.50 years
65	2.00 years
66	1.75 years
67	1.50 years
68	1.25 years
69	To Age 70

ETF has expressed concern that the current benefit schedule may not comply with the Age Discrimination in Employment Act (ADEA), and has asked Milliman for assistance in developing and pricing alternate benefit period schedules.

Project Scope

We will develop new benefit schedules that include coverage for disabilities that begin over age 69, and we will analyze the expected cost of these new schedules. The first schedule will be the same as the current schedule except the final tier will apply to ages 69 and above, and the maximum benefit period will be one year, as follows:

Option 1	
Current Schedule Extended Beyond Age 69	
Age at Disablement	Maximum Benefit Period
Before age 62	To Age 65
62	3.50 years
63	3.00 years
64	2.50 years
65	2.00 years
66	1.75 years
67	1.50 years
68	1.25 years
69 and above	1.00 year

We will analyze this schedule to determine if, in our view, it satisfies the ADEA equal cost test. If so, we will also analyze the financial impact to adopt this schedule on plan liabilities and contribution rates. If it does not satisfy the equal cost test, we will not analyze the financial impact to adopt this schedule.

If the Option 1 schedule shown above does not satisfy the equal cost test, we will develop a new schedule (Option 2) that features benefit reductions similar to Option 1, except that the age bands and/or benefit reductions will be determined in a manner that satisfies the ADEA equal cost test. We will demonstrate that this schedule satisfies the equal cost test, and we will analyze the financial impact to adopt this schedule on plan liabilities and contribution rates.

We will also analyze the financial impact to adopt the ADEA "safe harbor" schedule which is permissible for all disability plans. The safe harbor schedule has a maximum benefit period of to age 65 for disabilities incurred at age 60 or less, and a maximum benefit period of five years for disabilities incurred at age 61 or above. We will not perform an equal cost test because the safe harbor schedule is explicitly permitted under ADEA; however, we will analyze the financial impact to adopt this schedule on plan liabilities and contribution rates.

In order to perform the equal cost tests for Options 1 and 2 described above, we will develop claim incidence rates from a combination of historical ICI experience and industry sources. We will then compute expected claim costs for all age bands included in the new benefit schedules.

We will deliver a letter that contains the results of our analysis along with detailed documentation of the data, assumptions, and methods used.

We are not attorneys and are not qualified to provide legal advice. We will perform the cost analysis using methods described by the US Equal Employment Opportunity Commission for this purpose, but the final determination of whether the plan complies with ADEA is the responsibility of ETF and its legal counsel.

Cost and Timeline

We propose providing these services to ETF under our current consulting services agreement, using the same hourly billing rates at which we perform our disability valuation services, at a cost not to exceed \$20,000. To the extent that the scope of this work changes or additional work is required, we will request additional funds from ETF before proceeding further. We anticipate completing the analysis and delivering the results by March 17, 2023.

If the proposed services, fees, and timeline are acceptable, then please prepare an amendment to the current contract between ETF and Milliman for this project. Based on conversations with ETF, we do not

anticipate attending the Group Insurance Board meeting in person in February, and therefore we did not include travel expenses in our proposed fees.

* * *

Please contact me at 207-771-1204 or paul.correia@milliman.com if you have any questions. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Paul Correia".

Paul Correia, FSA, MAAA
Principal and Consulting Actuary