



State of Wisconsin
 Department of Employee Trust Funds
 4822 Madison Yards Way
 Madison, WI 53705-9100

P. O. Box 7931
 Madison, WI 53707-7931

Contract by Authorized Board

Commodity or Service:

Consulting Actuary for Wisconsin
 Health Insurance Programs

Contract No.:

ETD0012 – Amendment #26 dated April 16, 2024

Contract Period: January 1, 2024 through December 31, 2024

1. This Contract Amendment #26 is entered into by the State of Wisconsin Department of Employee Trust Funds (ETF), hereinafter referred to as the "Department," and The Segal Company (Eastern States), Inc., hereinafter referred to as the "Contractor," whose address and principal officer appear 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 ETFMBProcurement@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 dated January 7, 2016 and the costs are not to exceed \$333,720.
7. The Contract Amendment #2 is dated April 7, 2016 with the attached Scope of Work dated April 7, 2016. Maximum costs for Wellness and Data Warehouse and Business Intelligence services shall be \$27,000 and paid upon ETF's satisfactory deliverable receipt and an approved invoice with billable hours. Maximum costs for Self-insuring/Regional Services shall be \$175,000 and paid in eight (8) equal installments from April through November 2016 upon receipt of an approved invoice. The total costs for Contract Amendment #2 shall not exceed \$202,000.
8. The Contract Amendment #3 is dated May 16, 2016 with attached Scope of Work dated May 16, 2016. All deliverables will be received by June 30, 2016. The total cost for Contract Amendment #3 shall not exceed \$106,000.
9. The Contract Amendment #4 is dated February 2, 2017 and the costs are not to exceed \$340,094.
10. The Contract Amendment #5 February 19, 2018 for consulting actuary related services, with the costs not to exceed \$354,474 for retainer fee services described in RFP ETD0012 and Amendment #5A. Amendment #5B includes the scope of work and fees for the Medicare Advantage RFP, and the costs are not to exceed \$107,844. Amendment #5C includes the scope of work and fees for the preparation of the Other Postemployment Benefit (OPEB) Information and the costs are not to exceed \$125,000. Amendment #5D includes the scope of work and fees for assistance on the RFP for the Self-insuring and regionalization of the health benefits program and the costs are not to exceed \$159,794. Costs for Amendments #5B&C&D shall be billed in addition to the 2018 retainer fee, in a single invoice, after ETF's satisfactory receipt of deliverables.
11. The Contract Amendment #6 dated March 7, 2019 is for consulting actuary related services:
 - costs are not to exceed \$362,201 for those retainer fee services described in RFP ETD0012;

- RFP ETD0012 Sect. 2.4 is amended as shown in Amendment #6A; and
 - RFP ETD0012 Sect. 3.6 Annual Health Insurance Dates and Deliverables Timetables is replaced with the table in Amendment #6B; and
 - Amendment #6C adds scope of work dated February 20, 2019 regarding Audit of the Income Continuation Insurance (ICI) and Duty Disability (DD) Actuarial Valuations for the Wisconsin Department of Employee Trust Funds (ETF) for which costs are not to exceed \$110,000.
12. The Contract Amendment #7 dated April 23, 2019 is for consulting actuary related services. It includes the scope of work and fees for the preparation of the Other Postemployment Benefit (OPEB) Information and the costs are not to exceed \$40,000.
13. The Contract Amendment #8 dated June 14, 2019 is for consulting actuary related services. It includes the scope of work described in Amendment #8A for the assessment of the Department's data warehouse and visual business intelligence services with costs are not to exceed \$40,000.
14. The Contract Amendment #9 dated June 25, 2019 is for the scope of work described in Amendment #9A for the audit of the Department's wellness and disease management contract with costs not to exceed \$63,000.
15. The Contract Amendment #10 dated January 2, 2020 is for consulting actuary related retainer services described in RFP ETD0012 with costs not to exceed \$369,626 for calendar year 2020.
16. The Contract Amendment #11 dated February 28, 2020 is for:
- The scope of work described in Amendment 11A for preparing other postemployment benefit information (OPEB Information) for programs administered by ETF in which the State participates as an employer for which costs are not to exceed \$110,000; and
 - RFP ETD0012 Sect. 3.6 Annual Health Insurance Dates and Deliverables Timetables is replaced with the table in Amendment 11B for calendar year 2020.
17. The Contract Amendment #12 dated January 8, 2021 is for:
- Consulting actuary related retainer services described in RFP ETD0012 with costs not to exceed \$373,988 for calendar year 2021; and
 - The scope of work (SOW) described in Amendment 12A for the Wellness Return on Investment (ROI) with costs not to exceed \$25,000.
18. The Contract Amendment #13 dated February 23, 2021 is for the statement of work described in this Amendment regarding Other Postemployment Benefit Information (OPEB Information) which shall not exceed \$40,000 and be invoiced according to this payment schedule:
- | Deliverable | Due Date | Invoice Amount |
|--------------------|----------------|----------------|
| Draft audit report | April 30, 2021 | \$25,000 |
| Final audit report | May 31, 2021 | \$15,000 |
19. The Contract Amendment #14 dated April 15, 2021 replaces RFP ETD0012 Section 3.6 Annual Health Insurance Dates and Deliverables Timetable with the table in Amendment #14A for calendar year 2021.
20. The Contract Amendment #15 dated August 16, 2021 is for Contractor to audit the Department's Wellness and Disease Management contract ETG0005 with WebMD Health Services according to the attached scope of work in Amendment #15A which shall not exceed \$55,000.
21. The Contract Amendment #16 dated December 14, 2021 is for consulting actuary related retainer services described in RFP ETD0012 with costs not to exceed \$385,208 for calendar year 2022.
22. The Contract Amendment #17 dated March 2, 2022 is for Contractor to perform the attached scope of work for preparing other postemployment benefit (OPEB) information for programs administered by the Department in which the State participates as an employer with costs not to exceed \$120,000.
23. The Contract Amendment #18 dated March 10, 2022 replaces RFP ETD0012 Section 3.6 Annual Health Insurance Dates and Deliverables Timetable and the table in Amendment #14A with the attached table in Amendment 18 for calendar year 2022.
24. The Contract Amendment #19 dated June 17, 2022 is for Contractor to (a) evaluate 6-9 new and current health plan vendors offering to expand their network to provide Access-type services to ETF's members, (b) build a new tier rate model that will migrate all the various members to the new plans, in qualified counties where they operate, (c) estimate the risk moving to each, (d) develop regional factors, (e) look at other high dollar claimants from the exiting WEA Trust, and (f) develop new premium rates for all of the above with costs not to exceed \$30,000.

25. The Contract Amendment #20 dated December 16, 2022 is for consulting actuary related retainer services described in RFP ETD0012 with costs not to exceed \$396,764 for calendar year 2023.
26. The Contract Amendment #21 dated February 3, 2023 is for Contractor to perform the attached scope of work regarding the 2023 GASB75 WI Health Insurance OPEB valuation with costs not to exceed \$44,000.
27. The Contract Amendment #22 dated February 20, 2023 replaces RFP ETD0012 Section 3.6 Annual Health Insurance Dates and Deliverables Timetable and the prior tables in Amendments #6B, 11B, 14A, and 18 with the attached 2023 Annual Health Insurance Dates and Deliverables Timetable.
28. The Contract Amendment #23 dated October 12, 2023 is for Contractor to perform the attached scope of work regarding ETF's Medicare RFPs with costs not to exceed \$75,000. Segal will invoice ETF not more often than every 30 days for completed work after deliverables are received by ETF and ETF has acknowledged the quality of the deliverables.
29. The Contract Amendment #24 dated December 15, 2023 is for consulting actuary related retainer services described in RFP ETD0012 with costs not to exceed \$408,667 for calendar year 2024 and replaces RFP ETD0012 Section 3.6 Annual Health Insurance Dates and Deliverables Timetable and the prior tables in Amendments #6B, 11B, 14A, 18, and 22 with the attached 2024 Annual Health Insurance Dates and Deliverables Timetable.
30. The Contract Amendment #25 dated February 26, 2024 is for the year 2024 GASB75 Wisconsin Health Insurance OPEB valuation with the final draft due May 31, 2024 and not to exceed \$120,000.
31. This Contract Amendment #26 dated April 16, 2024 includes amendments 26A and 26B:
 - a) 26A describes the 2024 Income Continuation Insurance (ICI) valuation audit scope of work with costs not to exceed \$85,000 and
 - b) 26B describes the 2024 Duty Disability (DD) valuation audit scope of work with costs not to exceed \$60,000.Contractor will invoice the Department hourly for actual hours spent, while not exceeding the do not exceed limit to complete the audits. Contractor will provide the Department with an invoice that itemizes hours spent on the state versus local income continuation audit as well on the separately invoiced duty disability audit.

In connection with the performance of work under this Contract, the Contractor agrees to not use or disclose Confidential Information, as defined in Department Terms and Conditions s. 22.0, in an Artificial Intelligence model unless approved by the Department in writing.

32. For purposes of administering the Contract, the order of precedence is:
 - a. The Contract with the Segal Company (Eastern States), Inc.;
 - b. this Contract Amendment #26 dated April 16, 2024;
 - c. the Contract Amendment #25 dated February 26, 2024;
 - d. the Contract Amendment #24 dated December 15, 2023;
 - e. the Contract Amendment #23 dated October 12, 2023;
 - f. the Contract Amendment #22 dated February 20, 2023;
 - g. the Contract Amendment #21 dated February 3, 2023;
 - h. the Contract Amendment #20 dated December 16, 2022;
 - i. the Contract Amendment #19 dated June 17, 2022;
 - j. the Contract Amendment #18 dated March 10, 2022;
 - k. the Contract Amendment #17 dated March 2, 2022;
 - l. the Contract Amendment #16 dated December 14, 2021;
 - m. the Contract Amendment #15 dated August 16, 2021;
 - n. the Contract Amendment #14 dated April 15, 2021;
 - o. the Contract Amendment #13 dated February 23, 2021;
 - p. the Contract Amendment #12 dated January 8, 2021;
 - q. the Contract Amendment #11 dated February 28, 2020;
 - r. the Contract Amendment #10 dated January 2, 2020;
 - s. the Contract Amendment #9 dated June 25, 2019;
 - t. the Contract Amendment #8 dated June 14, 2019;
 - u. the Contract Amendment #7 dated April 23, 2019;
 - v. the Contract Amendment #6 dated March 7, 2019;
 - w. the Contract Amendment #5 dated February 19, 2018;
 - x. the Contract Amendment #4 dated February 2, 2017;
 - y. the Contract Amendment #3 dated May 16, 2016 with attached Scope of Work dated May 16, 2016;
 - z. the Contract Amendment #2 dated April 7, 2016 with attached Scope of Work dated April 7, 2016;
 - aa. the Contract Amendment #1 dated January 7, 2016;
 - bb. Questions from vendors and ETF Answers dated January 28, 2014;

- cc. Exhibit A, Changes Agreed to by the Parties from the Request for Proposal (RFP) ETD0012;
- dd. Exhibit B, Business Associate Agreement dated July 23, 2014;
- ee. the RFP dated January 6, 2014, and
- ff. the Contractor's proposal dated February 17, 2014.

Contract Number & Service: ETD0012 – Amendment #26 Consulting Actuary for Wisconsin Health Insurance Programs

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 (MM/DD/CCYY) 4/16/2024

Contractor
Legal Company Name The Segal Company (Eastern States), Inc.
Trade Name Segal Consulting
Taxpayer Identification Number 13-1835864
Company Address (City, State, Zip) 2727 Paces Ferry Road SE, Bldg. 1 Suite 1400, Atlanta, GA 30339
Name/Title Kenneth C. Vieira, FSA, FCA, MAAA, Senior Vice President
Signature <i>Kenneth Vieira</i>
Phone 678.306.3154
Date (MM/DD/CCYY) 4/16/2024

Amendment 26A

INCOME CONTINUATION INSURANCE AUDIT SCOPE OF WORK

This actuarial audit shall provide an independent verification and analysis of the assumptions, procedures, and methods used by the Department's consulting actuary, Milliman, for the Actuarial Valuation of the State Income Continuation Insurance (ICI) Program as of 12/31/2023, the Actuarial Valuation of the Local Income Continuation Insurance (ICI) Program as of 12/31/2023 as well as the most recent experience study conducted in 2023. The verifications will consist of full replication of the actuarial valuation, based on the same census data, assumptions, and actuarial methods used by the consulting actuary. In addition, the reviewing actuary will examine the consulting actuary's methods and assumptions for reasonableness and consistency, including an independent review of the experience study performed by the Department's consulting actuary. As part of the independent verification analysis of the actuarial valuation, the actuarial audit may include the following elements and activities:

a) Data Validity

Assessment of the validity, completeness, and appropriateness of the demographic and financial information used by the Department's consulting actuary in the valuations (both State and Local) of the Income Continuation Insurance Programs and its appropriate inclusion in the actuarial valuations.

b) Actuarial Valuation Method and Procedures

Assessment of whether the actuary's valuation method and procedures are reasonable and consistent with generally accepted actuarial standards and practices; are appropriate for the ICI Program structure and funding objectives; are applied as stated by the actuary; and incorporate all statutory requirements governing the Income Continuation Insurance's Program for both the State and Local Programs.

If deviations from accepted actuarial standards are found during the audit, the Contractor should obtain the rationale for the deviations and determine their effects. Further, the Contractor should review and assess steps the consulting actuary has taken to implement applicable Actuarial Standards of Practice.

c) Actuarial Valuation Assumptions

Assessment of whether the actuarial valuation assumptions are reasonable and consistent with generally accepted actuarial standards and practices; are reasonable based on the ICI Program experience; and are appropriate for the ICI structure and funding objectives. There should be a review of the assumptions/methods in the experience study.

As part of this assessment, the Contractor should also consider and specifically address whether actual experience is appropriately evaluated in experience studies conducted by the Department's consulting actuary and whether these experience studies support the actuary's decisions to change or maintain certain assumptions.

If the Contractor recommends assumption adjustments to more accurately reflect present and future assets, liabilities, and costs of the ICI Program, the Contractor must provide a detailed rationale for their recommendation and describe the general effect on the condition of the ICI Program resulting from the proposed changes in assumptions.

Anticipated Work Product: The Contractor shall submit an electronic copy of the final written report and a PowerPoint presentation regarding the final report to the Department. The final written report and presentation will be distributed to the Group Insurance Board and to any other persons upon request. The report and presentation will be subject to disclosure under Wisconsin open records law. The Department reserves the right to use and reproduce all reports and data produced and delivered pursuant to any contract, including publication of the report on the Department's website, and reserves the right to authorize others to use or reproduce such materials.

The final written report shall include, at a minimum:

1. An overall opinion as to the reasonableness and accuracy of the actuary's conclusions and the conformance of the actuary's work with generally accepted actuarial standards and practices.

2. An overview of the scope of the review, including a brief description of the procedures performed to arrive at the conclusions reached or recommendations for improvement.
3. A detailed description of each audit exception and the estimated effect of each exception.
4. Any recommendations for improvement.

Timing of Audit Services: The December 31, 2023, actuarial valuation will be available for audit following the May 23, 2024 Group Insurance Board meeting. Following preparation, review, and discussion of a preliminary report with the Department as described below, the **final written report and presentation** must be submitted to the Department by **October 11, 2024** for presentation at the **November 13, 2024 Group Insurance Board meeting**.

Briefings: At a minimum, the Contractor should be prepared to make the following briefings via conference call:

1. Audit progress reports to Department staff, upon request.
2. Presentation of the content of the preliminary and final report drafts to the Department and the Department's consulting actuary.
3. An in-person educational briefing and explanation of the final audit report at the November 2024 Group Insurance Board meeting

Exit Conference: In addition to the briefing of the preliminary report with the Department, the Contractor may be required to attend an exit conference to provide an opportunity for the Department's consulting actuary and Department staff to discuss the preliminary report with the Contractor. The purpose of the exit conference would be to identify possible errors in the report and discuss the findings and recommendations.

Workpapers: As part of reviewing the results of the audit, the Department may review and duplicate workpapers prepared by the Contractor. The Contractor also shall be available to answer Department staff questions. Upon request, Contractor will provide the Department with workpapers supporting audit report findings for 6 years after the final audit reports are provided to the Group Insurance Board.

Project Execution and Administration: The Contractor will be responsible for arranging needed meetings with the consulting actuary and the Department. The Department will designate a liaison to assist in scheduling these meetings. The Contractor will be responsible for all travel arrangements and expenses, and clerical support. No Department staff will be involved in conducting the field work, analysis, or writing of the required reports.

Cost:

The total cost for income continuation insurance valuation audit shall not exceed \$85,000 and shall be billed when deliverables are received and ETF has acknowledged the quality of the deliverables.

Amendment 26B

DUTY DISABILITY INSURANCE AUDIT SCOPE OF WORK

This actuarial audit shall provide an independent verification and analysis of the assumptions, procedures, and methods used by the Department's consulting actuary, Milliman, for the Duty Disability Insurance Program Annual Actuarial Valuation as of December 31, 2023 as well as the most recent experience studies conducted in 2023 and 2024. The verifications will consist of full replication of the actuarial valuation, based on the same census data, assumptions, and actuarial methods used by the consulting actuary. In addition, the reviewing actuary will examine the consulting actuary's methods and assumptions for reasonableness and consistency, including an independent review of the experience study performed by the Department's consulting actuary. As part of the independent verification analysis of the actuarial valuation, the actuarial audit may include the following elements and activities:

a) Data Validity

Assessment of the validity, completeness, and appropriateness of the demographic and financial information used by the Department's consulting actuary in the valuation of the Duty Disability Insurance Program and its appropriate inclusion in the actuarial valuations.

b) Actuarial Valuation Method and Procedures

Assessment of whether the actuary's valuation method and procedures are reasonable and consistent with generally accepted actuarial standards and practices; are appropriate for the Duty Disability Insurance Program structure and funding objectives; are applied as stated by the actuary; and incorporate all statutory requirements governing the Duty Disability Insurance Program.

If deviations from accepted actuarial standards are found during the audit, the Contractor should obtain the rationale for the deviations and determine their effects. Further, the Contractor should review and assess steps the consulting actuary has taken to implement applicable Actuarial Standards of Practice.

c) Actuarial Valuation Assumptions

Assessment of whether the actuarial valuation assumptions are reasonable and consistent with generally accepted actuarial standards and practices; are reasonable based on the Duty Disability Insurance Program experience; and are appropriate for the Duty Disability Insurance Program structure and funding objectives. There should be a review of the assumptions/methods in the experience study.

As part of this assessment, the Contractor should also consider and specifically address whether actual experience is appropriately evaluated in the experience study conducted by the Department's consulting actuary and whether the experience study supports the actuary's decisions to change or maintain certain assumptions.

If the Contractor recommends assumption adjustments to more accurately reflect present and future assets, liabilities, and costs of the Duty Disability Insurance Program, the Contractor must provide a detailed rationale for their recommendation and describe the general effect on the condition of the Duty Disability Insurance Program resulting from the proposed changes in assumptions.

Anticipated Work Product: The Contractor shall submit an electronic copy of the final written report and a PowerPoint presentation regarding the final report to the Department. The final written report and presentation will be distributed to the ETF Board and to any other persons upon request. The report and presentation will be subject to disclosure under Wisconsin open records law. The Department reserves the right to use and reproduce all reports and data produced and delivered pursuant to any contract, including publication of the report on the Department's website, and reserves the right to authorize others to use or reproduce such materials.

The final written report shall include, at a minimum:

1. An overall opinion as to the reasonableness and accuracy of the actuary's conclusions and the conformance of the actuary's work with generally accepted actuarial standards and practices.
2. An overview of the scope of the review, including a brief description of the procedures performed to arrive at the conclusions reached or recommendations for improvement.
3. A detailed description of each audit exception and the estimated effect of each exception.

4. Any recommendations for improvement.

Timing of Audit Services:

The December 31, 2023, actuarial valuation will be available for audit following the June 20, 2024 ETF Board meeting. Following preparation, review, and discussion of a preliminary report with the Department as described below, the **final written report and presentation must be submitted to the Department by November 15, 2024** for presentation at the **December 12, 2024 ETF Board meeting**.

Briefings: At a minimum, the Contractor should be prepared to make the following briefings via conference call:

1. Audit progress reports to Department staff, upon request.
2. Presentation of the content of the preliminary and final report drafts to the Department and the Department's consulting actuary.
3. An in-person educational briefing and explanation of the final audit report at the December 2024 meeting of the ETF Board.

Exit Conference: In addition to the briefing of the preliminary report with the Department, the Contractor may be required to attend an exit conference to provide an opportunity for the Department's consulting actuary and Department staff to discuss the preliminary report with the Contractor. The purpose of the exit conference would be to identify possible errors in the report and discuss the findings and recommendations.

Workpapers: As part of reviewing the results of the audit, the Department may review and duplicate workpapers prepared by the Contractor. The Contractor also shall be available to answer Department staff questions. Upon request, Contractor will provide the Department with workpapers supporting audit report findings for 6 years after the final audit reports are provided to the Group Insurance Board.

Project Execution and Administration: The Contractor will be responsible for arranging needed meetings with the consulting actuary and the Department. The Department will designate a liaison to assist in scheduling these meetings. The Contractor will be responsible for all travel arrangements and expenses, and clerical support. No Department staff will be involved in conducting the field work, analysis, or writing of the required reports.

Cost:

The total cost for the duty disability valuation audit shall not exceed \$60,000 and shall be billed when deliverables are received and ETF has acknowledged the quality of the deliverables.