

# Request for Proposals

## Contract Compliance Audits of Administration of Employee Benefits Programs and Services by Third Party Administrators/Providers



Issued by the State of Wisconsin  
Department of Employee Trust Funds  
on behalf of the  
Employee Trust Funds Board,  
Group Insurance Board, and  
Deferred Compensation Board

RFP Release Date: October 17, 2018

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## **REQUIRED FORMS**

- FORM A – Proposal Checklist
- FORM B – Mandatory Proposer Qualifications
- FORM C – Subcontractor Information
- FORM D – Request for Proposal Signature Page
- FORM E – Vendor Information
- FORM F – Vendor References
- FORM G – Designation of Confidential and Proprietary Information
- FORM H – Cost Proposal Workbook

# 1 GENERAL INFORMATION

## 1.1 INTRODUCTION

The purpose of this Request for Proposal (RFP) is to provide interested and qualified vendors with information to enable them to prepare and submit competitive Proposals to perform compliance audit services on third party administrator (“TPA”) contracts for the following State of Wisconsin employee benefit programs and services:

- ETH0039 Internal Revenue Code (IRC) Section 125 Cafeteria Plan and Employee Reimbursement Accounts Program (including: IRC Section 125 Cafeteria Plan Non-Discrimination Testing, IRC Section 125 Cafeteria Plan Documentation, Health Care Flexible Spending Account (FSA), Limited Purpose FSA, and Dependent Day Care FSA)
- ETH0040 Health Savings Accounts Program
- ETH0041 Commuter Fringe Benefit Accounts Program
- ETH0042 Pharmacy Benefit Accounts Program
- ETH0043 Income Continuation Insurance Program
- ETH0044 Life Insurance Program
- ETH0045 Uniform Dental Insurance Program
- ETH0046 Wellness and Disease Management Program
- ETH0047 Data Warehouse and Visual Business Intelligence Services
- ETH0048 Wisconsin Deferred Compensation Program

Vendors may submit a Proposal to audit any or all of the above ten employee benefit programs or service contracts.

The State of Wisconsin Department of Employee Trust Funds (Department) intends to use the results of this solicitation to award one or more Contracts for the contract compliance audits for the programs and services listed above. The Contract(s) will be administered and managed by the Department, with oversight by the State of Wisconsin Employee Trust Funds Board, the State of Wisconsin Group Insurance Board, or the State of Wisconsin Deferred Compensation Board (“Board(s)”), depending on the program being audited. This RFP document, its attachments, and the awarded Proposal(s) will be incorporated into the Contract(s).

## 1.2 PROGRAM OVERVIEWS AND AUDIT REQUIREMENTS

Appendices 5 through 14 provide an overview of each program and address the functions and services (detailed Audit Requirements) that must be provided to the Department regarding contract compliance audits for each of the ten programs. For each employee benefit program audit, the selected vendor will access business practices, internal controls, compliance with the TPA services contract, and all applicable federal and state statutes, rules and plan language.

For each audit cycle, the actual audit work the Contractor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contractor. The Department may have a business need to add, emphasize or exclude certain areas during each audit and/or alter the frequency of the audit cycle.

The audits may require review on the TPA’s premises and/or at the Department at a time mutually agreeable to the TPA, auditor, and the Department. The TPA and/or the Department shall provide

space deemed adequate by the auditor to officially conduct the examination. The Department, or TPA will make available to the auditors such data and/or statistical information, in mutually agreeable form (electronic media and/or hard copy), as may be necessary for the performance of the work described herein and which is available in the records and files of the Department and/or TPA.

### 1.3 ADDITIONAL BACKGROUND INFORMATION

The Department administers the Wisconsin Retirement System (WRS), the group health insurance program for state employees and many local governments, and a variety of other public employee benefit programs. The WRS is the 8th largest pension system in the nation and ETF’s largest program, providing retirement benefits for more than 620,000 current and former state and local government employees on behalf of approximately 1,500 employers. Participants include public school teachers, current and former employees of Wisconsin’s state agencies, and employees of most local governments other than the City of Milwaukee and Milwaukee County. The agency is overseen by an independent governing board and funds are held on behalf of benefit program beneficiaries in the Public Employee Trust Fund created and controlled by Chapter 40 of the Wisconsin Statutes.

Table 1 below provides links to additional background information. This information is provided to assist Proposers in completing an RFP response.

**Table 1. Additional Background Information**

Title	Web Address
Employee Trust Funds Website	<a href="http://etf.wi.gov">http://etf.wi.gov</a>
Wisconsin Administrative Code	<a href="http://docs.legis.wisconsin.gov/code/admin_code/etf">http://docs.legis.wisconsin.gov/code/admin_code/etf</a>
Wisconsin State Statutes Chapter 40	<a href="http://www.legis.state.wi.us/statutes/Stat0040.pdf">http://www.legis.state.wi.us/statutes/Stat0040.pdf</a>
It’s Your Choice Open Enrollment Material	<a href="http://www.etf.wi.gov/members/IYC2019/IYC_home.asp">http://www.etf.wi.gov/members/IYC2019/IYC_home.asp</a>
ETF Insurance Complaint Information	<a href="http://etf.wi.gov/publications/et2405.pdf">http://etf.wi.gov/publications/et2405.pdf</a>

### 1.4 PROCURING AND CONTRACTING AGENCY

This RFP is issued by the Department on behalf of the Boards that have oversight of the benefit programs and services described in this RFP. The Department is the sole point of contact for the State of Wisconsin in the selection process. The terms “State,” “ETF,” and “Department” may be used interchangeably in this RFP and its attachments.

Prospective Proposers are prohibited from contacting any person other than the individual listed here regarding this RFP. Violation of this requirement may result in the Proposer being disqualified from further consideration.

<b><u>Express delivery</u></b>	<b><u>United States Postal Service delivery</u></b>
Dept. of Employee Trust Funds Joanne Klaas <b>RFP ETH0039-48</b>	Dept. of Employee Trust Funds Joanne Klaas <b>RFP ETH0039-48</b>

Hill Farms State Office Building (HFSOB) 8th Floor North Tower (Visitor's Entrance) 4822 Madison Yards Way Madison, WI 53705-9100	P.O. Box 7931 Madison, WI 53707-7931
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Telephone: 608-261-7247

E-mail: [ETF SMBProcurement@etf.wi.gov](mailto:ETF SMBProcurement@etf.wi.gov)

**NOTE:** Deliveries are accepted from 8:00 a.m. – 4:00 p.m. central time Monday through Friday. No deliveries may be made to the Department on Saturdays, Sundays, and State Holidays as the office is closed on those days. The Department is not responsible for picking up Proposals at the post office or any courier office.

The street address for the HFSOB parking garage is 4846 Sheboygan Avenue, Madison.

A visitor pass from the reception desk on the 1<sup>st</sup> floor of 4822 Madison Yards Way is required for access to the Department of Employee Trust Funds' reception area on the 8th Floor of the North Tower. Responders must check in and wait with Proposals until they have been date and time stamped.

Proposals will not be accepted after 2pm CST on November 28, 2018.

## 1.5 DEFINITIONS

Words and terms shall be given their ordinary and usual meanings. Words and terms not defined below shall have the meanings provided by Wis. Stat. § 40.02 and Wis. Admin. Code § ETF 10.01 unless otherwise clearly and unambiguously defined by the context of their usage in this RFP. Where capitalized or not in this RFP, the following definitions and acronyms shall have the meanings indicated unless otherwise noted. The meanings shall be applicable to the singular, plural, masculine, feminine, and neuter forms of the words and terms.

**Annual Audit** means a one-year audit cycle covering twelve consecutive months, such as a calendar year, which is audited.

**Annual Audit Occurring Every Other Year** means a one-year audit cycle covering twelve consecutive months, such as a calendar year, wherein only every other year is audited.

**Audit Cycle** means the defined frequency and timeline an audit is conducted for each particular program.

**Biennial Audit** means a two-year audit cycle covering two consecutive years, such as two calendar years, wherein each year is audited.

**Board(s)** means State of Wisconsin Employee Trust Funds Board, State of Wisconsin Group Insurance Board and/or State of Wisconsin Deferred Compensation Board.

**Business Day** means each Calendar Day except Saturday, Sunday, and official State of Wisconsin Holidays (see also: Calendar Day, Day).

**Cafeteria Plan** or **Section 125 Cafeteria Plan** refers to the plan under Internal Revenue Code Section 125 which allows for payment of the cost of certain benefits to be paid on a pre-tax basis.

**Calendar Day** refers to a period of twenty-four hours starting at midnight.

**Calendar Year** means the time period from January 1 to December 31.

**Commuter Fringe Benefit Accounts** means a qualified pre-tax savings transportation benefit program, such as a parking or transit account.

**Confidential Information** means all tangible and intangible information and materials being disclosed in connection with the Contract, in any form or medium without regard to whether the information is owned by the State of Wisconsin or by a third party, which satisfies at least one of the following criteria: (i) Individual Personal Information; (ii) Personally Identifiable Information; (iii) Protected Health Information under HIPAA, 45 CFR 160.103; (iv) proprietary information; (v) non-public information related to the State of Wisconsin's employees, customers, technology (including data bases, data processing and communications networking systems), schematics, specifications, and all information or materials derived therefrom or based thereon; (vi) information expressly designated as confidential in writing by the State of Wisconsin; (vii) all information that is restricted or prohibited from disclosure by State or federal law, including Individual Personal Information and Medical Records as governed by Wis. Stat. § 40.07, Wis. Admin. Code ETF 10.70(1) and 10.01(3m); or (viii) any material submitted by the Proposer in response to this RFP that the Proposer designates as confidential and proprietary information and which qualifies as a trade secret, as provided in Wis. Stat. § 19.36 (5) or material which can be kept confidential under the Wisconsin public records law.

**Continuant** means any Participant enrolled in a benefit program under the federal or State continuation provisions.

**Contract** means the written agreement resulting from the successful Proposal(s) and subsequent negotiations that shall incorporate, among other things, this RFP, the successful Proposer's Proposal as accepted by the Department, the Department Terms and Conditions, an updated and executed Appendix 1 Pro Forma Contract, its exhibits, subsequent amendments and other documents.

**Contract Compliance Audit** means a program specific audit to assess the overall or specific adherence to and compliance with the terms and conditions of a contract and all relevant laws, rules and policies.

**Contractor or Contract Compliance Auditor** means the Proposer(s) who is/are awarded the Contract(s).

**Cost Proposal** means the document submitted by Proposer that includes Proposer's costs to provide the Services. The Microsoft Excel workbook attached as FORM H – Cost Proposal Workbook is the required document all Proposers must submit. The Cost Proposal is described in Section 8 and elsewhere in this RFP.

**Day** means Calendar Day unless otherwise indicated.

**Deductible** means a predetermined amount of money that a Participant must pay before benefits are eligible for payment by their insurance.

**Dependent Day Care Flexible Spending Account (FSA)** or **Dependent Day Care FSA** means a pre-tax benefit account that allows for tax-free reimbursement of eligible day care expenses or other custodial care for Qualified Dependents.

**Employee and Employer** are defined in Wis. Stat. § 40.02(26) and (28).

**Employee Reimbursement Account** or **ERA** means the Health Care Flexible Spending Account, Limited Purpose Flexible Spending Account, and Dependent Day Care Flexible Spending Account programs. ERA is also known as Flexible Spending Account (FSA).

**Health Care FSA** is an account that allows an Employee to set aside tax-free dollars each year for health care expenses not covered by insurance. The Participant may use these funds to pay for eligible health care expenses incurred by the Participant or the Participant's Qualified Dependents.

**Health Savings Account** or **HSA** is an account that allows an Employee enrolled in a high deductible health plan to set aside tax-free dollars each year for health care expenses not covered by insurance. The Participant may use these funds to pay for eligible health care expenses incurred by the Participant or the Participant's Qualified Dependents.

**HIPAA** means the Health Insurance Portability and Accountability Act of 1996. See Appendix 2 – Department Terms and Conditions.

**Income Continuation Insurance** or **ICI** is a voluntary self-insured disability program for State and local government employees, as authorized under Chapter 40 of the Wisconsin Statutes.

**Individual Personal Information** or **IPI** has the meaning ascribed to it at Wis. Admin. Code ETF § 10.70 (1). See Appendix 2 – Department Terms and Conditions.

**It's Your Choice Open Enrollment** or **IYC** means the enrollment period referred to in the Department materials as the IYC enrollment period that is available at least annually to Employees allowing them the opportunity to enroll for coverage in benefit plans offered by the Board.

**Key Staff** means employees such as partners, managers, supervisory staff, staff, or other staff who will be working on each audit proposed by Proposer.

**Limited Purpose Flexible Spending Account** or **LPFSA** is an account that allows an Employee to set aside tax-free dollars each year for vision, dental and post-deductible expenses not covered by insurance. The Participant may use these funds to pay for eligible health care expenses incurred by the Participant or the Participant's Qualified Dependents.

**Mandatory** means the least possible threshold, functionality, degree, performance, etc. needed to meet a compulsory requirement.

**Participant(s)** means the Employee or any of the Employee's Qualified Dependent(s) who have been specified by the Department for enrollment and are entitled to participate in the benefit program.

**Payroll Center** means the benefits department of a participating State agency that is responsible for completing business processes associated with benefit program enrollment and changes, payroll deductions, leave benefit administration, and terminations.

**Personally Identifiable Information** or **PII** means information that is capable of identifying a particular individual through one or more identifiers or other information or circumstances. See Appendix 2 – Department Terms and Conditions.

**Plan Year** means the twelve (12) month period of coverage under a benefit program (e.g. January 1 through December 31).

**Program Manager** means the Department employee who manages a particular Department program.

**Proposal** means the complete response of a Proposer submitted in the format specified in this RFP, which sets forth the Services offered by a Proposer and Proposer's pricing for providing the Services described in this RFP.

**Proposer or Vendor** means any individual, firm, company, corporation, or other entity that submits a Proposal in response to this RFP.

**Protected Health Information** or **PHI** has the meaning ascribed to it under 45 s. CFR 160.103. See Appendix 2 – Department Terms and Conditions.

**Quarterly** means a period consisting of every consecutive three (3) months beginning January 1.

**Retiree** means a State or local government member who is retired and receives an annuity or lump sum benefit from the Wisconsin Retirement System.

**Services** means all work performed, and labor, actions, recommendations, plans, research, and documentation provided by the Contractor necessary to fulfill that which the Contractor is obligated to provide under the Contract.

**Statement of Work** means a document that clearly specifies the project requirements, milestones, deliverables, end products, documents and reports to be provided by the Contractor.



**Subcontractor** means a person or company hired by the Contractor to perform a specific task or provide Services as part of the Contract.

**Third Party Administrator or TPA or TPA Contract** means a third party firm under contract with the Department to provide administrative services for the State of Wisconsin public employee benefit plans listed in this document.

**Triennial Audit** means a three-year audit cycle covering three consecutive years, such as three calendar years, wherein each year is audited.

**Vendor** see definition for Proposer/Vendor

## 1.6 CLARIFICATION OF THE SPECIFICATIONS AND REQUIREMENTS

Proposers must submit all questions concerning this RFP via e-mail (no phone calls) to [ETF SMBProcurement@etf.wi.gov](mailto:ETF SMBProcurement@etf.wi.gov). The subject of the e-mail must state “**ETH0039-48**” and the e-mail must be received on or before the date identified in Section 1.9 Calendar of Events, *Proposer Questions and Letter of Intent Due Date*. Proposers are expected to raise any questions they have concerning this RFP at this point in the process.

Proposers are encouraged to submit any assumptions or exceptions to any terms, conditions, or requirements during the question process. All assumptions and exceptions listed must contain a rationale as to the basis for the assumption/exception. The Department will inform Proposers what assumptions/exceptions are acceptable to the Department.

Questions must be submitted as a Microsoft Word document (not a .pdf or scanned image) using the format specified below:

**Table 2. Format for Submission of Clarification Questions**

No.	RFP Section	RFP Page	Question/Rationale
Q1			
A1			
Q2			
A2			

Q = Proposer’s question; A = The Department’s answer

Proposer’s e-mail must include the name of the Proposer’s company and the person submitting the question(s). A compilation of all questions and answers, along with any RFP updates, will be posted to the **Department’s extranet** (<http://etfextranet.it.state.wi.us/etf/internet/RFP/rfp.html>) on or about the date indicated in Section 1.9 Calendar of Events, *Department Posts Responses to Proposer Questions*.

If a Proposer discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP, the Proposer should immediately notify the individual identified in Section 1.4 Procuring and Contracting Agency, of such error and request modification or clarification of this RFP document.

If it becomes necessary to update any part of this RFP, updates will be published on the Department’s extranet listed above and will not be mailed. Electronic versions of this RFP and its attachments are available on the Department’s extranet.

## 1.7 PROPOSER CONFERENCE

No Proposer conference is scheduled for this RFP. If the Department decides to hold a Proposer conference, a notice will be posted on the Department's extranet linked above. Note, unless this notice is posted, no conference will be held.

## 1.8 REASONABLE ACCOMMODATIONS

The Department will provide reasonable accommodations, including the provision of informational material in an alternative format, for qualified individuals with disabilities, upon request.

## 1.9 CALENDAR OF EVENTS

Listed below are the important dates by which actions related to this RFP must be completed. If the Department finds it necessary to change any of the specific dates and times in the Calendar of Events listed below, it will do so by posting a supplement to this RFP on the Department's extranet with the URL listed above. No other formal notification will be issued for changes in the estimated dates.

**Table 3. Calendar of Events\***

Date	Event
October 17, 2018	Department Issues RFP
October 26, 2018	Proposer Questions and Letter of Intent Due Date
November 2018	Department Posts Responses to Proposer Questions
November 28, 2018 by 2:00 PM central standard time	<b>Proposal Due Date and Time</b>
February 2019	Department notifies Proposers of Intent to Award Contract(s)
March 2019	Begin contract negotiations
Contract effective date	Anticipated Contract Start Date will vary by Program

***\*All dates are estimated except the due dates for: Proposer Questions, Letter of Intent, and Proposals.***

## 1.10 CONTRACT TERM

Each Contract shall be effective on its date of execution by both parties and will extend unless and until either party gives the other 180 days' notice of their intent to cancel the contract. Contractor's performance may be reviewed by Board and/or Department staff to inform continuation of the Contract.

Prior to each Audit Cycle, the selected Contractor and Department shall define the Statement of Work and maximum cost based on the rates and estimated hours, defined in the Cost Proposal, in a written

amendment to the Contract. Cost increases for each Audit Cycle shall be negotiated in good faith and mutually agreed upon by both parties.

## **1.11 LETTER OF INTENT**

A letter of intent indicating that a Proposer intends to submit a response to this RFP is requested (see Section 1.9 Calendar of Events). Identify the Proposer's organization/company name, list the name, location, telephone number, and e-mail address of one or more persons authorized to act on the Proposer's behalf, and identify which benefit programs are being responded to.

If you plan to submit a proposal for more than one RFP, only one letter of intent is necessary. The RFP number(s) must be referenced in the subject line of Proposer's email. The letter of intent does not obligate the Proposer to submit a Proposal.

## **1.12 NO OBLIGATION TO CONTRACT**

The Department reserves the right to cancel this RFP for any reason prior to the issuance of a notice of intent to award a Contract. The Department does not guarantee to purchase any specific quantity or value. Proposals that stipulate that the Department shall make guarantees will be disqualified.

## **1.13 WI DEPARTMENT OF ADMINISTRATION eSUPPLIER REGISTRATION**

The Wisconsin Department of Administration's eSupplier Portal is available to all businesses and organizations that want to do business with the State. The eSupplier Portal allows vendors to see details about pending invoices and payments, allows vendors to receive automatic, future official notices of proposal opportunities, and, in some cases, allows vendors to respond to State solicitations. Note: the eSupplier Portal is not being used for this solicitation for Proposer responses.

For more information on the eSupplier Portal, go to:

[https://esupplier.wi.gov/psp/esupplier/SUPPLIER/ERP/h/?tab=WI\\_BIDDER](https://esupplier.wi.gov/psp/esupplier/SUPPLIER/ERP/h/?tab=WI_BIDDER)

## **1.14 RETENTION OF RIGHTS**

All Proposals become the property of the Department upon receipt. All rights, title and interest in all materials and ideas prepared by the Proposer for the Proposal to the Department shall be the exclusive property of the Department. Upon request, the Department will return proposals, except for one copy for Department records, to a Proposer who is disqualified or who withdraws their response at the expense of the Proposer.

# **2 PREPARING AND SUBMITTING A PROPOSAL**

## **2.1 GENERAL INSTRUCTIONS**

The evaluation and selection of a Contractor(s) will be based on the information received in the submitted Proposal(s) plus the following optional review methods, at the Department's discretion: reference checks, Proposer presentations, interviews, demonstrations, responses to requests for additional information or clarification, on-site visits, and/or best and final offers (BAFOs), where requested. Such methods may be used to clarify and substantiate information in the Proposals.

Failure to respond to each of the requirements in this RFP may be the basis for rejecting a Proposal.

Elaborate Proposals (e.g., expensive artwork), beyond that sufficient to present a complete and effective Proposal, are neither necessary nor desired. Marketing or promotional materials should only be provided where specifically requested. If providing such materials, please indicate which question the materials apply to.

All Proposals must be in English.

## 2.2 INCURRING COSTS

The State of Wisconsin and the Department are not liable for any costs incurred by Proposers in replying to this RFP, making requested oral presentations, or demonstrations.

## 2.3 SUBMITTING THE PROPOSAL

If a Proposer is submitting a proposal for multiple RFPs, the Proposer must submit their Proposal in one binder and include all of the following documents in the following order:

1. Front Cover
2. Table of Contents
3. Transmittal Letter
4. Forms A-G completed **ONCE**, regardless of how many RFPs Proposer is responding to
5. A current completed W9
6. Appendix 3 - General Questionnaire completed **ONCE**, regardless of how many RFPs Proposer is responding to.
7. Appendix 4 - Technical Questionnaire(s) that relate to each of the programs Proposer is responding to. See corresponding requirements in Appendix (5-14). There is a distinct Technical Questionnaire required **FOR EACH** of the ten RFPs ETH0039-ETH0048.

Proposer must submit the following, including all required materials as specified herein:

- One (1) original hard copy Proposal, clearly labeled “ORIGINAL;”
- Five (5) identical paper copies of the original paper Proposal, marked as “COPY.” Indicate the copy number on the cover of each copy (for example: 1 of 5, 2 of 5, etc.); and
- One (1) USB flash drive, which includes the following:
  - One (1) single file of all electronic Proposal files in Microsoft Word/Microsoft Excel, and/or Adobe Acrobat 9.0 (or above) format (except for the cost proposal). The Department requires that all files have optical character recognition (OCR) capability (not a scanned image). OCR is the conversion of all images typed, handwritten or printed text into machine-encoded text. The file must be labeled “[Proposer Name] PROPOSAL”. The file must have the same pagination as Proposer’s original hard copy Proposal. **Do not include the Cost Proposal in this file folder.**
  - One (1) single file of all electronic Proposal files in Microsoft Word/Microsoft Excel, and/or Adobe Acrobat 9.0 (or above) format **EXCLUDING or REDACTING** all confidential and proprietary information/documents. This file must be labeled “[Proposer Name] REDACTED PROPOSAL.” This is the file that will be used for responding to open records requests. Note that no matter what the method the Proposer uses to redact documents, the Department is not responsible for checking that the redactions match the Proposer’s **FORM G – Designation of Confidential and Proprietary Information**. Proposers should be aware that the Department may need to electronically send the redacted materials to

members of the public and other requesters when responding appropriately to open records requests. The Department is not responsible for checking that redactions, when viewed on-screen via electronic file, cannot be thwarted. The Department is not responsible for responding to open records requests via printed hard copy, even if redactions are only effective on printed hard copy. The Department may post redacted Proposals on the Department's public website in exactly the same file format the Proposer provides, and the Department is not responsible if the redacted file is copied and pasted, uploaded, e-mailed, or transferred via any electronic means, and somehow loses its redactions in that process. The redacted file must have the same pagination as Proposer's original hard copy Proposal. **Do not include the Cost Proposal in this folder.**

- Redact only material the Proposer authored. For example, do not redact the question the Proposer is responding to, only the answer.
  - Do not redact page numbers. Page numbers should remain visible at all times, even if the whole page is being redacted.
  - Sign Form G – Designation of Confidential and Proprietary Information only once. Add as many lines/pages as necessary.
- One (1) file folder containing FORM H – Cost Proposal Workbook in Excel format labeled “[Proposer Name] **COST PROPOSAL.**” **Note:** costs provided in Proposer's Cost Proposal shall NOT be redacted for confidentiality.

#### **IMPORTANT:**

- Do not lock or password protect the USB drive.
- Clearly mark the exterior of the USB flash drive with Proposer's name and the RFP number.
- Flash drives must be free of all malware, ransomware, viruses, spyware, worms, Trojans, or anything that is designed to perform malicious operations on a computer.

#### **Specific Instructions for Submitting FORM H – Cost Proposal Workbook**

One original paper copy of the Cost Proposal (FORM H – Cost Proposal Workbook), for each program Proposer is proposing to audit, must be placed in a single sealed envelope and submitted in the box containing the Proposals. If, for example, Proposer is proposing to audit 4 of the 10 programs, 4 separate Cost Proposals shall be separately labeled and all included in one envelope. Each page of the Cost Proposal must contain the Proposer's name and the ETH00xx number(s) identifying the program(s) Proposer is proposing to audit. Mark the outside of the envelope with:

- “[Proposer's Name and Address]”
- Title: COST PROPOSAL, and specify all of the RFPs ETH0039-48 Proposer is offering to audit.

**IMPORTANT: Proposer's Cost Proposal shall only be included: a) electronically within a separate folder on the Proposer's USB flash drive submitted to the Department as instructed above in Excel format, and b) in paper form submitted in a sealed envelope as instructed above.**

#### **Proposal Due Date and Time**

Proposals received after the date and time specified in Section 1.9 Calendar of Events will not be accepted and will be disqualified. Receipt of a Proposal by the State of Wisconsin mail system does not constitute receipt of a Proposal by the Department, for the purposes of this RFP. All required parts of the Proposal must be submitted by the specified due date and time; if any portion of the Proposal

is submitted late, the entire Proposal will be disqualified. Proposers may request, via an email to the address listed in Section 1.4, the time and date their Proposal was received by the Department.

**Proposals submitted via fax or e-mail will not be accepted.**

### **Proposal Packaging**

The Proposal must be packaged, sealed and show all of the following information on the outside of the package:

- Proposer's company name and address
- RFP Number: *RFP ETH0039-48*
- Proposal Due Date (as specified in Section 1.9 Calendar of Events)

## **2.4 PROPOSAL ORGANIZATION AND FORMAT**

Proposers responding to this RFP must comply with the following format requirements. The Department reserves the right to exclude any Proposals from consideration that do not follow the required format as instructed below.

### **Format Requirements**

- Proposals must be typed and submitted on 8.5 by 11-inch paper and bound securely.

#### **FRONT COVER    Front Cover Requirements**

- Proposer's company name;
- Title of the following: *Proposal Response for the Wisconsin Department of Employee Trust Funds*;
- The RFP number(s) and name(s) for the program(s) being responded to; and,
- Proposal submission date.

#### **TABLE OF CONTENTS    Table of Contents Requirements**

- Listing of each TAB number;
- Listing of each TAB description; and,
- Listing of each TAB page number.

#### **TAB 1    General Information and Forms**

- TRANSMITTAL LETTER: A signed transmittal letter must accompany the Proposal. The transmittal letter must be written on the Proposer's official business stationery and signed by an official that is authorized to legally bind the Proposer. Include in the letter:
  - I. Name and address of company;
  - II. Name, title and signature of Proposer's authorized representative;
  - III. Name, title, telephone number and e-mail address of representatives who may be contacted by the Department if questions arise regarding the Proposal;

IV. The RFP number(s) and name for the relevant program(s); and,

V. Executive Summary

- FORM A – Proposal Checklist
- FORM B – Mandatory Proposer Qualifications
- FORM C – Subcontractor Information
- FORM D – RFP Signature Page
- FORM E – Vendor Information
- FORM F – Vendor References
- FORM G – Designation of Confidential and Proprietary Information
- Current Form W-9 Request for Taxpayer Identification Number and Certification (from the Department of the Treasury, Internal Revenue Service: <https://www.irs.gov/pub/irs-pdf/fw9.pdf>)
- **NOTE:** FORM H – Cost Proposal Workbook must be submitted as stated in Section 2.3 above.

**TAB 2**

**Response to Section 6 [Appendix 3 - GENERAL QUESTIONNAIRE]**

Provide a point-by-point response to each and every statement in Section 6, but only ONCE, even if proposing to audit multiple programs.

The response must follow the same numbering system, use the same headings, and address each point or sub-point.

Include the documents requested in Section 6 at the end of the question in your Proposal that corresponds to the question in the RFP in which the document is requested. Label the document provided with the question number it applies to.

**TAB 3**

**Response to Section 7 [Appendix 4 – TECHNICAL QUESTIONNAIRE(S)]**

Provide a point-by-point response to each and every statement in Section 7, for EACH program.

The response must begin with the appropriate RFP number (ETH00xx) and program name, and Proposer's name, follow the same numbering system, use the same headings, and address each point or sub-point listed.

Include the documents requested in Section 7 at the end of the question in your Proposal that corresponds to the question in the RFP in which the document is requested. Label the document provided with the section number it applies to.



## TAB 4

### Assumptions and Exceptions

If the Proposer has no assumptions or exceptions to any RFP term, condition, appendix, or form, provide a statement in Tab 4 to that effect.

If the Proposer has assumptions and/or exceptions to any RFP term, condition, appendix, or form, then follow these instructions:

- Regardless of any proposed assumption or exception, the Proposal as presented must include all Services requested.
- If the Proposer cannot agree to a term or condition as written, the Proposer must make its specific required revision to the language of the provision by striking out words or inserting required language to the text of the provision. Any new text and deletions of original text must be clearly color coded or highlighted, which requires the Proposer's response be printed in color. Proposers shall avoid complete deletion and substitution of entire provisions, unless the deleted provision is rejected in its entirety and substituted with substantively changed provisions. Wholesale substitutions of provisions shall not be made in lieu of strategic edits required to reflect Proposer-required modifications.
- Immediately after a proposed revision, the Proposer shall add a concise explanation concerning the reason or rationale for the required revision. Such explanations shall be separate and distinct from the marked-up text and shall be bracketed, formatted in italics and preceded with the term "[*Explanation:*]."
- All provisions on which no changes are noted shall be assumed to be accepted by the Proposer.
- Submission of any standard Proposer contracts as a substitute for language in the terms and conditions is not a sufficient response to this requirement and may result in rejection of the Proposal. An objection to terms or conditions without including proposed alternative language will be deemed to be acceptance to the Proposer.
- The Department reserves the right to negotiate contractual terms and conditions when it is in its best interest to do so.
- Exceptions to any RFP terms and conditions may be considered by the Department during Contract negotiations if it is beneficial to the Department.
- The Department may or may not consider any of the Proposer's suggested revisions. The Department reserves the right to reject any proposed assumptions or exceptions.
- Clearly label each assumption and exception with one of the following labels:
  - Terms and Conditions (Appendix 2) Assumptions and Exceptions
  - RFP (Excluding Section 8) Assumptions and Exceptions
  - Section 8 Assumptions and Exceptions



### Supplemental Information – IMPORTANT

The Department will not allow any assumptions or exceptions by the Proposer to any of the items listed in Table 4 below. Any Proposal with an assumption or exception to any of the items listed in Table 4 may be rejected.

**Table 4. No Assumptions or Exceptions Allowed**

Ref. No.	Document	Item/Section
1	Appendix 2	3.0 Legal Relations
2	Appendix 2	6.0 Audit Provision
3	Appendix 2	12.0 Liquidated Damages
4	Appendix 2	13.0 Contract Dispute Resolution
5	Appendix 2	14.0 Controlling Law
6	Appendix 2	16.0 Termination of the Contract
7	Appendix 2	17.0 Termination for Cause
8	Appendix 2	18.0 Remedies of the Department
9	Appendix 2	22.0 Confidential Information and HIPAA Business Associate Agreement
10	Appendix 2	23.0 Indemnification
11	Appendix 2	25.0 Right to Publish or Disclose
12	Appendix 2	28.0 Data Security and Privacy Agreement
13	Appendix 2	39.0 Assignment

## 2.5 MULTIPLE PROPOSALS

Multiple Proposals from a Proposer for a single RFP are not permissible. If a Proposer is submitting a proposal for multiple RFPs, refer to the instructions under Section 2.3 above.

## 2.6 WITHDRAWAL OF PROPOSALS

Proposals shall be irrevocable until the Contract is awarded unless the Proposal is withdrawn. Proposers may withdraw a Proposal in writing at any time up to the date and time listed in Section 1.9, Calendar of Events, for the *Proposal Due Date and Time* or upon expiration of three (3) Calendar Days after the Proposal Due Date and time, if received by the Department. To accomplish this, the written request must be signed by an authorized representative of the Proposer's company and submitted to the contact listed in Section 1.4, Procuring and Contracting Agency. If a previously

submitted Proposal is withdrawn before the *Proposal Due Date and Time*, the Proposer may submit another Proposal at any time up to the *Proposal Due Date and Time*.

## **3 PROPOSAL SELECTION AND AWARD PROCESS**

### **3.1 PRELIMINARY EVALUATION**

Proposals will initially be reviewed to determine if Mandatory requirements are met and if all required Proposal components are received. Failure to submit a complete Proposal may result in rejection of the entire Proposal. Failure to meet Mandatory requirements as stated in FORM B – Mandatory Proposer Qualifications, or failure to follow the required instructions for completing the Proposal as specifically outlined in this RFP may result in rejection of the Proposal. Failure to provide a complete response to Section 8 in this RFP will result in rejection of a Proposal.

### **3.2 CLARIFICATION PROCESS**

The Department may request Proposers to clarify ambiguities or answer questions related to information presented in their Proposal. Clarifications may occur throughout the Proposal evaluation process. Clarification requests will include appropriate references to this RFP or the Proposal. Responses shall be submitted to the Department in writing within the time required. Failure to provide responses as instructed may result in rejection of a Proposal.

### **3.3 PROPOSAL SCORING**

Proposals that pass a preliminary evaluation will be reviewed by an evaluation committee. The evaluation committee may review written Proposals, references, additional clarifications, oral presentations, site visits and other information to score Proposals. The Department may request reports on a Proposer's financial stability (this includes the Department's request for Proposers to furnish audited financial statements), and if financial stability is not substantiated, may reject a Proposer's Proposal. The Department may request demonstrations/presentations of the Proposer's proposed products(s) and/or service(s), and review results of past awards to the Proposer by the State.

A Proposer may not contact any member of the RFP evaluation committee.

The evaluation committee's scoring will be tabulated and Proposals will be ranked.

The evaluation committee reserves the right to stop reviewing a Proposal at any point during the evaluation process and remove the Proposal from further consideration.

### **3.4 EVALUATION CRITERIA**

Proposals will be evaluated based upon the proven ability of the Proposer to satisfy the requirements specified herein in an efficient, cost-effective manner, taking into account quality of services proposed. Proposals will be scored using the following criteria:

**Table 4. Evaluation Criteria**

<b>RFP SECTION</b>	<b>DESCRIPTION</b>	<b>TOTAL POINTS</b>	<b>%</b>
6	General Questionnaire	300	30%
7	Technical Questionnaire	500	50%
8	Cost Proposal	200	20%
	<b>Total</b>	<b>1,000</b>	<b>100%</b>

### **3.5 METHOD TO SCORE COST PROPOSALS**

The lowest Cost Proposal will receive the maximum number of points available for the cost category. Other Cost Proposals will receive prorated scores based on the proportion that the costs of the Proposals vary from the lowest Cost Proposal. The scores for the cost category will be calculated with a mathematical formula.

### **3.6 ORAL PRESENTATIONS, DEMONSTRATIONS, AND/OR SITE VISITS**

The top scoring Proposers, based on the evaluation of their written Proposal in the general and technical questions of the RFP (Sections 6 and 7), may be required to participate in oral presentations, interviews and/or site visits to supplement the Proposals, if requested by the Department. This may include demonstrations of Proposer's key tools, reporting capabilities and interviews with key Department staff, evaluation committee members, and Board members.

Not all Proposers may be invited for oral presentations, demonstrations, and/or site visits. For those invited, the Department will make every reasonable attempt to schedule each oral presentation or demonstration at a time that is agreeable to the Proposer. Presentations will be held in Madison, Wisconsin. Failure of a Proposer to interview or permit a site visit on the date scheduled may result in rejection of the Proposer's Proposal.

By submitting a Proposal in response to this RFP, the Proposer grants rights to the Department to contact or arrange a visit with any or all of the Proposer's clients, Subcontractors, and/or references.

### **3.7 CONTRACT AWARD**

Proposals will be evaluated by a committee, and contracts may be awarded based on the results of the general, technical and initial cost evaluations. The Proposal(s) determined to best meet the goals of the Department's auditing needs may be selected by the Department for further action. The Department reserves the right not to award a Contract. If contract negotiations cannot be concluded successfully with the selected Proposer(s), the Department may negotiate a Contract with another Proposer.

### **3.8 BEST AND FINAL OFFER (BAFO)**

The Department reserves the right to solicit a BAFO and conduct Proposer discussions, request more competitive pricing, clarify Proposals, and contact references from the finalists, should it be in the State's best interest to do so. The Department is the sole determinant of its best interests.

If a BAFO is solicited, the solicitation will contain the specific information on what is being requested, as well as submission requirements and a timeline with due date. Any BAFO responses received by the Department after the stated due date may not be accepted. Proposers that are asked to submit a BAFO may refuse to do so by submitting a written response, indicating their Cost Proposal remains as originally submitted. Refusing to submit a BAFO will not disqualify the Proposer from further consideration.

### **3.9 RIGHT TO REJECT PROPOSALS AND NEGOTIATE CONTRACT TERMS**

This RFP does not commit the Department to awarding a Contract, or paying any cost incurred in the preparation of a Proposal in response to this RFP. The Department retains the right to accept or reject any or all Proposals or accept or reject any part of a Proposal deemed to be in the best interest of the Department. The Department shall be the sole judge as to compliance with the instructions contained in this RFP.

The Department may negotiate the terms of the Contract(s), including the award amount and the Contract length, with the selected Proposer(s) prior to entering into a Contract. The Department reserves the right to add contract terms and conditions to the Contract during contract negotiations and subsequent renewals.

### **3.10 NOTIFICATION OF INTENT TO AWARD**

All Proposers who respond to this RFP will be notified in writing of the Department's intent to award a Contract as a result of this RFP. All decisions and actions under this RFP are solely under the authority of the Department.

### **3.11 APPEALS PROCESS**

Protests of the Department's intent to award a contract(s) must be made in writing and according to the Board policies for vendor procurement appeals located at:

- Group Insurance Board: <http://etf.wi.gov/boards/gov-manual-gib/vendor.pdf>
- Employee Trust Funds Board: [http://etf.wi.gov/boards/gov\\_manual\\_retirement/vendor-procurement-appeals.pdf](http://etf.wi.gov/boards/gov_manual_retirement/vendor-procurement-appeals.pdf)
- Deferred Compensation Board: [http://etf.wi.gov/boards/gov\\_manual\\_WDC/vendor-procurement-appeals.pdf](http://etf.wi.gov/boards/gov_manual_WDC/vendor-procurement-appeals.pdf)

A vendor who wants to appeal the award must first send a written notice indicating that the vendor wants to appeal the award decision. The notice must be received in the Department office listed below no later than five (5) Business Days after the notice of intent to award is issued. Fax and e-mail documents will not be accepted.

A written notice of intent to appeal, and a formal written appeal, must be filed with:

Board  
c/o Robert J. Conlin, Secretary  
Wisconsin Department of Employee Trust Funds  
Hill Farms State Office Building  
PO Box 7931  
Madison WI 53707-7931

Following the notice of intent to appeal, the formal written appeal must be submitted to the Board, c/o the Secretary of the Department at the address listed above, within ten (10) Business Days after the notice of intent to award the contract is issued. Appeal rights are lost if no formal appeal is timely

received. The formal appeal must state the RFP number, detailed factual grounds for the objection to the Contract award and must identify any Wisconsin Statutes and Wisconsin Administrative Codes that are alleged to have been violated. The vendor can appeal only once per award.

The subjective judgment of evaluation committee members is not appealable. Following Board action, a written decision will be sent to the vendor. The decision of the appropriate governing Board regarding any appeals is final.

## 4 MANDATORY PROPOSER QUALIFICATIONS

**This section is pass/fail. (0 points)**

**Use FORM B – Mandatory Proposer Qualifications to respond.**

The requirements on Form B are Mandatory. Failure to comply with one or more of the Mandatory qualifications may disqualify the Proposer.

## 5 PROGRAM SPECIFICATIONS

**This section is NOT scored. (0 points)**

Failure to comply with any term, standard, specification or condition within this RFP may disqualify the Proposer. Specifications and requirements are listed in the Program Overview and Audit Requirements documents.

**If the Proposer cannot agree to each item listed in this RFP, the Proposer must so specify and provide the reason for the disagreement in Tab 3 – Assumptions and Exceptions – of Proposer’s response. See Instructions in 2.4.**

## 6 GENERAL QUESTIONNAIRE

**This section is scored. (300 total points)**

The purpose of this section is to provide the Department with a basis for determining the Proposer’s capability to undertake the general requirements contained in this RFP.

All Proposers must respond to the questions/requirements in Appendix 3 – General Questionnaire according to the instructions in Sections 2.3 and 2.4 above.

**Fees related to any Services offered in the Proposal must be noted in Form H - Cost Proposal Workbook only. Do not include cost/pricing information in any other section of the Proposal.**

## 7 TECHNICAL QUESTIONNAIRE

**This section is scored. (500 total points)**

The purpose of this section is to provide the Department with a basis for determining the Proposer’s capability to meet the technical requirements contained in this RFP.

If proposing to audit more than one program, answer Appendix 4 Technical Questionnaire **separately for EACH program** by responding to the Audit Requirements for each program, found in the “Program Overview and Audit Requirements” for that particular program. For example, if Proposer is submitting a proposal to audit five (5) of the Department programs listed above, Proposer should complete Appendix 4 Technical Questionnaire five separate times considering the pertinent Program Overview and Audit Requirements for the programs to which they are responding.

**Table 5. Technical Questionnaire Components**

RFP SECTION	DESCRIPTION
Appendix 4	Technical Questionnaire Use for Compliance Audit Services for: ETH0039 – IRC Section 125 Cafeteria Plan and Employee Reimbursement Accounts Program ETH0040 – Health Savings Accounts Program ETH0041 – Commuter Fringe Benefit Accounts Program ETH0042 – Pharmacy Benefit Program ETH0043 – Income Continuation Insurance Program ETH0044 – Life Insurance Program ETH0045 – Uniform Dental Insurance Program ETH0046 – Wellness and Disease Management Program ETH0047 – Data Warehouse and Visual Business Intelligence Services ETH0048 – Wisconsin Deferred Compensation Program

All Proposers must respond to the questions/requirements as appropriate for the programs being responded to according to the instructions in Sections 2.3 and 2.4.

If the Proposer believes their qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in each section.

**Fees related to any Services but must be included in Form H - Cost Proposal Workbook only.**

## 8 COST PROPOSAL

**This section is scored. (200 total points)**

FORM H – Cost Proposal Workbook is available on the Department's extranet site at: <https://etfonline.wi.gov/etf/internet/RFP/rfp.html>

All Proposers must complete the appropriate tabs of the Cost Proposal Workbook for the programs being responded to. Instructions to submit the Cost Proposal are provided in Section 2.3 above and in the Instruction Tab within the Cost Proposal Workbook.

The Department reserves the right to clarify any pricing discrepancies related to assumptions on the part of the Proposers. Such clarifications will be solely to provide consistent assumptions from which an accurate cost comparison can be achieved.

Costs outlined in Proposer's Cost Proposal or BAFO response shall remain firm for the initial Audit Cycle.

Only dollar and number values will be accepted on the Cost Proposal. Any description other than number value such as, but not limited to: "no cost," "included," "see below," "-", "n/a," etc. will not be accepted. A cost value of \$0.00 shall indicate the deliverable is no cost to the Department.

If a cost is not provided in a cell, it will indicate the Proposer does not provide the specific service.

Cost Proposals that are not otherwise confidential under state or federal law are not Confidential Information.

## 9 CONTRACT TERMS AND CONDITIONS

**This section is NOT scored. (0 points)**

The Department will execute a Contract with the awarded Contractor(s). A Pro Forma Contract is located in Appendix 1 as an example. The Contract and any subsequent renewal(s) will incorporate all terms and conditions in this RFP, including all attachments, exhibits, forms, appendices, etc., made a part of this RFP, and Contractor's Proposal.

### 9.1 BOARD AND DEPARTMENT AUTHORITY

This solicitation is authorized under Chapter 40 of the Wisconsin State Statutes. Procurement statutes and rules that govern other State agencies may not be applicable. All decisions and actions under this RFP are solely under the authority of the Department as delegated by the Boards governing the programs and services described in this RFP. The Department is acting as an agent of the Boards in carrying out any directives or decisions relating to this RFP, the Contract and subsequent awards. All references to the "Department", "ETF", "State of Wisconsin", "State" or "Board" in any term, condition, or specification shall have the same authority as one entity. The Department is the sole point of contact for this RFP.

### 9.2 PAYMENT TERMS

- Invoices must be itemized by cost proposal categories of expenses actually incurred.
- Invoices shall include the purchase order number when issued.
- Invoices must be submitted electronically via email.
- Payment will only be made through Automated Clearing House (ACH) unless alternative arrangements are mutually agreed upon.
- Invoices shall be submitted timely and no later than 1 year after completion of Services.
- Payment will be made within 30 days of receipt of a proper and approved invoice.



**State of Wisconsin**  
**Department of Employee Trust Funds**  
 4822 Madison Yards Way  
 Madison, WI 53705-9100  
 P. O. Box 7931  
 Madison, WI 53707-7931

## Appendix 1 Pro Forma Contract by Authorized Board

**Commodity or Service:**

Compliance Audit Services for:  
 ETH0039 IRC Section 125 Cafeteria Plan and Employee  
                   Reimbursement Accounts Program  
 ETH0040 Health Savings Accounts Program  
 ETH0041 Commuter Fringe Benefit Accounts Program  
 ETH0042 Pharmacy Benefit Program  
 ETH0043 Income Continuation Insurance Program  
 ETH0044 Life Insurance Program  
 ETH0045 Uniform Dental Insurance Program  
 ETH0046 Wellness and Disease Management Program  
 ETH0047 Data Warehouse and Visual Business  
                   Intelligence Services  
 ETH0048 Wisconsin Deferred Compensation Program

**Contract No./Request for Proposal No:**

ETH00xx

**Authorized Board:** xxx

**Cost:** xxx

**Contract Period:** xxxx - xxxx and extend unless and until either party gives the other 180 days' notice of their intent to cancel the contract

1. This Contract is entered into by the State of Wisconsin Department of Employee Trust Funds (Department or ETF) on behalf of the State of Wisconsin Group Insurance Board or Deferred Compensation Board or Employee Trust Funds Board (Board), and xxx (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 Contractor agrees to supply the Contract requirements in accordance with the Department Terms and Conditions, and the documents specified in the order of precedence below, hereby made a part of this Contract by reference.
3. For purposes of administering this Contract, the order of precedence is:
  - (a) This Contract;
  - (b) Request for Proposal (RFP) ETHxx dated xxx; and,
  - (c) Contractor's proposal dated xxxx.

**Contract Number & Service: xxxx**

<b>State of Wisconsin Department of Employee Trust Funds</b>
Authorized Board:
By (Name):

<b>Contractor</b>
Legal Company Name:  <i>SAMPLE</i>
Trade Name:



Robert J. Conlin Secretary Department of Employee Trust Funds
Signature:
Date of Signature:

Taxpayer Identification Number: xxx
Contractor Address (Street Address, City, State, Zip):
Name & Title (print name and title of person authorized to legally sign for and bind Contractor):
Signature: <b>SAMPLE</b>
Date of Signature:
Email: Phone:



**Department of Employee Trust Funds**

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

**Appendix 2**  
**DEPARTMENT TERMS AND CONDITIONS**

Rev. Date 03-01-2018

- 1.0 ENTIRE AGREEMENT:** The following terms and conditions are hereby made a part of the underlying contract. These Department Terms and Conditions, the underlying contract, its exhibits, subsequent amendments and other documents incorporated by order of precedence in the contract encompass the entire contract ("Contract") and contain the entire understanding between the Wisconsin Department of Employee Trust Funds ("Department") and the contractor named in the Contract ("Contractor") on the subject matter hereof, and no representations, inducements, promises, or agreements, oral or otherwise, not embodied herein shall be of any force or effect. The Contract supersedes any other oral or written agreement entered into between the Department and the Contractor on the subject matter hereof. The terms "State," "ETF," and "Department" may be used interchangeably herein.

The Contract may be amended at any time by written mutual agreement of the Department and Contractor, but any such amendment shall be without prejudice to any claim arising prior to the date of the change. No one, except duly authorized officers or agents of the Contractor and the Department, shall alter or amend the Contract. No change in the Contract shall be valid unless evidenced by an amendment that is signed by such officers of the Contractor and the Department.

- 2.0 COMPLIANCE WITH THE CONTRACT AND APPLICABLE LAW:** In the event of a conflict between the Contract and any applicable federal or state statute, administrative rule, or regulation; the statute, rule, or regulation will control.

In connection with the performance of work under the Contract, the Contractor agrees not to discriminate against employees or applicants for employment because of age, race, religion, creed, color, handicap, physical condition, developmental disability as defined in Wis. Stat. § 51.01 (5); marital status, sex, sexual orientation, national origin, ancestry, arrest record, conviction record; or membership in the national guard, state defense force, or any reserve component of the military forces of the United States or the state of Wisconsin (the "State"). 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. Contractor further agrees to take affirmative action to ensure equal employment opportunities.

Contracts estimated to be over fifty thousand dollars (\$50,000) require the submission of a written affirmative action plan by the Contractor. Contractors with an annual work force of less than fifty (50) employees are exempt from this requirement. Contractor shall provide the plan to the Department within fifteen (15) business days of the Department's request for such plan after the award of the Contract.

The Contractor shall comply with all applicable requirements and provisions of the Americans with Disabilities Act (ADA) of 1990. Evidence of compliance with ADA shall be made available to the Department upon request.

The Contractor acknowledges that Wis. Stat. § 40.07 specifically exempts information related to individuals in the records of the Department of Employee Trust Funds from the Wisconsin Public Records Law. Contractor shall treat any such records provided to or accessed by Contractor as non-public records as set forth in Wis. Stat. § 40.07.

Contractor will comply with the provisions of Wis. Stat. § 134.98 Notice of Unauthorized Acquisition of Personal Information.

- 3.0 LEGAL RELATIONS:** The Contractor shall at all times comply with and observe all federal and State laws, local laws, ordinances, and regulations which are in effect during the period of the Contract and which in any manner affect the work or its conduct. This includes but is not limited to laws regarding compensation, hours of work, conditions of employment and equal opportunities for employment.

In carrying out any provisions of the Contract or in exercising any power or authority granted to the Contractor thereby, there shall be no liability upon the Department, it being understood that in such matters that the Department acts as an agent of the State.

The Contractor accepts full liability and agrees to hold harmless the State, the Department's governing boards, the Department, its employees, agents and contractors for any act or omission of the Contractor, or any of its employees, in connection with the Contract.

No employee of the Contractor may represent himself or herself as an employee of the Department or the State.

- 4.0 CONTRACTOR:** The Contractor will be the sole point of contact with regard to contractual matters, including the performance of services specified in the Contract (the "Services") and the payment of any and all charges resulting from contractual obligations.

None of the Services to be provided by the Contractor shall be subcontracted or delegated to any other organization, subdivision, association, individual, corporation, partnership or group of individuals, or other such entity without prior written notification to, and approval of, the Department.

After execution of the Contract, the Department will provide Contractor with the name of the Department's designated contact person and commit to a timely approval process for Contractor's notification of a change in subcontractor(s) and/or delegated Services.

The Contractor shall be solely responsible for its actions and those of its agents, employees or subcontractors under the Contract. The Contractor will be responsible for Contract performance when subcontractors are used. Subcontractors must abide by all terms and conditions of the Contract.

Neither the Contractor nor any of the foregoing parties has the authority to act or speak on behalf of the State.

The Contractor will be responsible for payment of any losses by its subcontractors or agents.

Any notice required or permitted to be given shall be deemed to have been given on the date of delivery or three (3) business days after mailing by the United States Postal Service, certified or registered mail-receipt requested. In the event the Contractor moves or updates contact information, the Contractor shall inform the Department of such changes in writing within ten (10) business days. The Department shall not be held responsible for payments delayed due to the Contractor's failure to provide such notice.

- 5.0 CONTRACTOR PERFORMANCE:** Work under the Contract shall be performed in a timely, professional and diligent manner by qualified and efficient personnel and in conformity with the strictest quality standards mandated or recommended by all generally-recognized organizations establishing quality standards for the work of the type specified in the Contract. The Contractor shall be solely responsible for controlling the manner and means by which it and its employees or its subcontractors perform the Services, and the Contractor shall observe, abide by, and perform all of its obligations in accordance with all legal and Contract requirements.

Without limiting the foregoing, the Contractor shall control the manner and means of the Services so as to perform the work in a reasonably safe manner and comply fully with all applicable codes, regulations and requirements imposed or enforced by any government agencies. Notwithstanding the foregoing, any stricter standard provided in plans, specifications or other documents incorporated as part of the Contract shall govern.

The Contractor shall provide the Services with all due skill, care, and diligence, in accordance with accepted industry practices and legal requirements, and to the Department's satisfaction; the Department's decision in that regard shall be final and conclusive.

All Contractor's Services under the Contract shall be performed in material compliance with the applicable federal and state laws and regulations in effect at the time of performance, except when imposition of a newly enacted or revised law or regulation would result in an unconstitutional impairment of the Contract.

The Contractor will make commercially reasonable efforts to ensure that Contractor's professional and managerial staff maintain a working knowledge and understanding of all federal and state laws, regulations, and administrative code appropriate for the performance of their respective duties, as well as contemplated changes in such law which affect or may affect the Services delivered under the Contract.

The Contractor shall maintain a written contingency plan describing in detail how it will continue operations and Services under the Contract in certain events including, but not limited to, strike and disaster, and shall submit it to the Department upon request.

- 6.0 AUDIT PROVISION:** The Contractor and its authorized subcontractors are subject to audits by the State, the Legislative Audit Bureau (LAB), an independent Certified Public Accountant (CPA), or other representatives as authorized by the State. The Contractor will cooperate with such efforts and provide all requested information permitted under the law.

- 6.1 SOC Report:** If the Department requires Contractor to provide a SOC Audit, Contractor will furnish the Department with an annual copy of an Independent Service Auditor's Report on Management's Description of the Service Organization's System and the Suitability of the Design and Operating Effectiveness of Controls (SOC 1, Type 2), which will be provided to the Department by May 1 following each plan year. This independent audit of the Contractor's controls must be completed in accordance with the American Institute of Certified Public Accountants' Statements on Standards for Attestation Engagements (SSAE) No. 18 (SOC 1, Type 2). The

SSAE 18 (SOC 1, Type 2) annual audit will include all programs under the Contract and will be conducted at the Contractor's expense. If the Contractor's SSAE 18 (SOC 1, Type 2) audit covers less than the twelve (12) months of a calendar year, the Contractor will provide a bridge letter to the Department, stating whether processes and controls have changed since the SSAE 18 (SOC 1, Type 2) audit.

- 6.2 Contract Compliance Audit:** The Department may schedule and arrange for an independent certified public accountant to perform agreed upon procedures or consulting work related to the Contractor's compliance with the Contract on a periodic basis, as determined by the Department. The audit scope will be determined by the Department and may include recordkeeping, participant account activity, claims processing, administrative performance standards, and any other relevant areas to the programs under the Contract. The timeline of the audit will be mutually agreed upon by the Department and the Contractor. A minimum ten (10) business day notice is required.
- 6.3 Open Access:** All Contractor books, records, ledgers, data, and journals relating to the programs under the Contract will be open for inspection and audit by the Department, its designees, or the State of Wisconsin Legislative Audit Bureau, at any time during normal working hours. A minimum ten (10) business day notice will be provided. Records or data requested shall be provided electronically in a format mutually agreed upon by the Department and Contractor. The Department shall have access to interview any employee and authorized agent of the Contractor involved with the Contract in conjunction with any audit, review, or investigation deemed necessary by the Department or the State.
- 6.4 LAB Audit:** The Department is audited by the State of Wisconsin Legislative Audit Bureau annually, as required by Wisconsin Statute 13.94 (1) (dd). The Contractor agrees to provide necessary information related to any such audit for all programs under the Contract, as requested by the Department or auditor.
- 7.0 CRIMINAL BACKGROUND VERIFICATION:** The Department follows the provisions in the Wisconsin Human Resources Handbook Chapter 246, Securing Applicant Background Checks (see [https://dpm.wi.gov/Hand%20Book%20Chapters/WHRH\\_Ch\\_246.pdf](https://dpm.wi.gov/Hand%20Book%20Chapters/WHRH_Ch_246.pdf)<http://doa.wi.gov/Documents/DPM/Document%20Library/Chap246VerifyingApplicantInfoSecuringBackgroundChecks.pdf>). The Contractor is expected to perform background checks that, at a minimum, adhere to those standards. This includes the criminal history record from the Wisconsin Department of Justice (DOJ), Wisconsin Circuit Court Automation Programs (CCAP), and other State justice departments for persons who have lived in a state(s) other than Wisconsin. More stringent background checks are permitted. Details regarding the Contractor's background check procedures should be provided to the Department regarding the measures used by the Contractor to protect the security and privacy of program data and participant information. A copy of the results of the criminal background checks the Contractor conducted must be made available to the Department upon request. The Department reserves the right to conduct its own criminal background checks on any or all employees or subcontractors of and referred by the Contractor for the delivery or provision of Services.
- 8.0 COMPLIANCE WITH ON-SITE PARTY RULES AND REGULATIONS:** Contractor and the Department agree that their employees, while working at or visiting the premises of the other party, shall comply with all internal rules and regulations of the other party, including security procedures, and all applicable federal, state, and local laws and regulations applicable to the location where said employees are working or visiting.
- The Department is responsible for allocating building and equipment access, as well as any other necessary services available from the Department that may be used by the Contractor. Any use of the Department facilities, equipment, internet access, and/or services shall only be to assist Contractor in providing the Services, as authorized by the Department. The Contractor will provide its own personal computers, which must comply with the Department security policies before connection to the Department's local computer network.
- 9.0 SECURITY OF PREMISES, EQUIPMENT, DATA AND PERSONNEL:** The Department shall have the right, acting by itself or through its authorized representatives, to enter the premises of the Contractor at mutually agreeable times to inspect and copy the records of the Contractor and the Contractor's compliance with this section. In the course of performing Services under the Contract, the Contractor may have access to the personnel, premises, equipment, and other property, including data files, information, or materials (collectively referred to as "data") belonging to the Department.
- The Contractor shall be responsible for damage to the Department's equipment, workplace, and its contents, or for the loss of data, when such damage or loss is caused by the Contractor, contracted personnel, or subcontractors, and shall reimburse the Department accordingly upon demand. This remedy shall be in addition to any other remedies available to the Department by law or in equity.
- 10.0 BREACH NOT WAIVER:** A failure to exercise any right, or a delay in exercising any right, power or remedy hereunder on the part of either party shall not operate as a waiver thereof. Any express waiver shall be in writing and shall not affect any event or default other than the event or default specified in such waiver. A waiver of any covenant, term or condition contained herein or in the Contract shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The making of any payment to the Contractor under the Contract shall not constitute a

waiver of default, evidence of proper Contractor performance, or acceptance of any defective item or Services furnished by the Contractor.

**11.0 SEVERABILITY:** The provisions of the Contract shall be deemed severable and the unenforceability of any one or more provisions shall not affect the enforceability of any of the other provisions. If any provision of the Contract, for any reason, is declared to be invalid, unenforceable, or illegal, the parties shall substitute an enforceable provision that, to the maximum extent possible in accordance with applicable law, preserves the original intentions and economic positions of the parties.

**12.0 LIQUIDATED DAMAGES:** The Contractor and Department acknowledge that it can be difficult to ascertain actual damages when a Contractor fails to carry out its responsibilities under the Contract. Because of that, the Contractor and Department will negotiate liquidated damages, as required by the Department, for the Contract. The Contractor agrees that the Department shall have the right to liquidate such damages, through deduction from the Contractor's invoices, in the amount equal to the damages incurred, or by direct billing to the Contractor.

The Department shall notify the Contractor in writing of any claim for liquidated damages pursuant to this section within thirty (30) calendar days after the Contractor's failure to perform in accordance with the terms and conditions of the Contract.

Notwithstanding the foregoing language, when necessary, the Department will identify in the Contract, specific financial penalties for failure of the Contractor to meet performance standards and guarantees. If the Contract was established through the Department's Request for Bid (RFB) or Request for Proposals (RFP) procurement process, such performance standards and guarantees may have been set forth in the RFB/RFP.

**13.0 CONTRACT DISPUTE RESOLUTION:** In the event of any dispute or disagreement between the parties under the Contract, whether with respect to the interpretation of any provision of the Contract, or with respect to the performance of either party thereto, except for breach of Contractor's intellectual property rights, each party shall appoint a representative to meet for the purpose of endeavoring to resolve such dispute or negotiate for an adjustment to such provision.

Contractor shall continue without delay to carry out all its responsibilities under the Contract, which are not affected by the dispute. Should Contractor fail to perform its responsibilities under the Contract that are not affected by the dispute without delay, any and all additional costs incurred by the Contractor and the Department as a result of such failure to proceed shall be borne by the Contractor and the Contractor shall not make any claim against the Department for such costs. The Department's non-payment of fees in breach of the Contract that are overdue by sixty (60) calendar days is a dispute that will always be considered to affect Contractor's responsibilities.

No legal action of any kind, except for the seeking of equitable relief in the case of the public's health, safety or welfare, may begin in regard to the dispute until this dispute resolution procedure has been elevated to the Contractor's highest executive authority and the equivalent executive authority within the Department, and either of the representatives in good faith concludes, after a good faith attempt to resolve the dispute, that amicable resolution through continued negotiation of the matter at issue does not appear likely.

The party believing itself aggrieved (the "Invoking Party") shall call for progressive management involvement in the dispute negotiation by delivering written notice to the other party. Such notice shall be without prejudice to the Invoking Party's right to any other remedy permitted by the Contract. After such notice, the parties shall use all reasonable efforts to arrange personal meetings and/or telephone conferences as needed, at mutually convenient times and places, between authorized negotiators for the parties at the following successive management levels, each of which shall have a period of allotted time as specified below in which to attempt to resolve the dispute:

Level	Contractor	The Department	Allotted Time
First	Level 1 entity	Level 1 entity	10 Business Days
Second	Level 2 entity	Level 2 entity	20 Business Days
Third	Level 3 entity	Level 3 entity	30 Business Days

The allotted time for the First Level negotiations shall begin on the date the Invoking Party's notice is received by the other party. Subsequent allotted time is days from the date that the Invoking Party's notice was originally received by the other party. If the Third Level parties cannot resolve the issue within thirty (30) business days of the Invoking Party's original notice, then the issue shall be designated as a dispute at the discretion of the Invoking Party and, if so, shall be resolved in accordance with the section below. The time periods herein are in addition to those periods for a party to cure provided elsewhere in the Contract, and do not apply to claims for equitable relief (e.g., injunction to prevent disclosure of Confidential Information). The Department may withhold payments on disputed items pending resolution of the dispute.

**14.0 CONTROLLING LAW:** All questions as to the execution, validity, interpretation, construction and performance of the Contract shall be construed in accordance with the laws of the State of Wisconsin, without regard to any conflicts of

laws or choice of law principles. Any court proceeding arising or related to the Contract or a party's obligations under the Contract shall be exclusively brought and exclusively maintained in the State of Wisconsin, Dane County Circuit Court, or in the District Court of the United States Western District (if jurisdiction is proper in federal court), or upon appeal to the appellate courts of corresponding jurisdiction, and Contractor hereby consents to the exclusive jurisdiction and exclusive venue therein and waives any right to object to such jurisdiction or venue. To the extent that in any jurisdiction Contractor may now or hereafter be entitled to claim for itself or its assets immunity from suit, execution, attachment (before or after judgment) or other legal process, Contractor, to the extent it may effectively do so, irrevocably agrees not to claim, and it hereby waives, the same.

**15.0 RIGHT TO SUSPEND OPERATIONS:** If, at any time during the period of the Contract, the Department determines that the best interest of the Department or its governing boards would be best served by the Contractor temporarily holding of all Services, the Department will promptly notify the Contractor. Upon receipt of such notice, the Contractor shall suspend all Services.

**16.0 TERMINATION OF THE CONTRACT:** The Department may terminate the Contract at any time at its sole discretion by delivering one-hundred eighty (180) calendar days written notice to the Contractor.

Upon termination, the Department's liability shall be limited to the prorated cost of the Services performed as of the date of termination plus expenses incurred with the prior written approval of the Department.

If the Contractor terminates the Contract, the Contractor shall refund all payments made under the Contract by the Department to the Contractor for work not completed or not accepted by the Department. Such termination shall require written notice to that effect to be delivered by the Contractor to the Department not less than one-hundred eighty (180) calendar days prior to said termination.

Upon any termination of the Contract, the Contractor shall perform the Services specified in a transition plan if so requested by the Department; provided, however, that except as expressly set forth otherwise herein, the Contractor shall not be obligated to perform such Services unless all amounts due to the Contractor under the Contract, including payment for the transition Services, have been paid. Failure of the Contractor to comply with a transition plan upon the Department's request and upon payment shall constitute a separate breach for which the Contractor shall be liable.

Upon the expiration or termination of the Contract for any reason, each party shall be released from all obligations to the other arising after the expiration date or termination date, except for those that by their terms survive such termination or expiration.

**17.0 TERMINATION FOR CAUSE:** If the Contractor fails to perform any material requirement of the Contract, breaches any material requirement of the Contract, or if the Contractor's full and satisfactory performance of the Contract is substantially endangered, the Department may terminate the Contract. Before terminating the Contract, the Department shall give written notice of its intent to terminate to Contractor after a thirty (30) calendar day written notice and cure period.

The Department reserves the right to cancel the Contract in whole or in part without penalty in the event one (1) or more of the following occurs:

1. If the Contractor intentionally furnished any statement, representation, warranty, or certification, in connection with the Contract which is materially false, incorrect, or incomplete;
2. If applicable, if the Contractor fails to follow the sales and use tax certification requirements of Wis. Stat. § 77.66;
3. If the Contractor incurs a delinquent Wisconsin tax liability;
4. If the Contractor fails to submit a non-discrimination or affirmative action plan per the requirements of Wis. Stat. § 16.765 and Wisconsin's Fair Employment Law, subch. II, Chapter 111 of the Wisconsin Statutes as required herein;
5. If the Contractor is presently identified on the list of parties excluded from State of Wisconsin procurement and non-procurement contracts;
6. If the Contractor becomes a state or federal debarred Contractor, or becomes excluded from State contracts;
7. If the Contractor fails to maintain and keep in force all required insurance, permits and licenses as required per the Contract;
8. If the Contractor fails to maintain the confidentiality of the Department's information that is considered to be Confidential Information or Protected Health Information;
9. If the Contractor files a petition in bankruptcy, become insolvent, or otherwise takes action to dissolve as a legal entity;
10. If at any time the Contractor's performance threatens the health or safety of a State employee, citizen, or customer;
11. If the Contractor violates any requirements in Section 22.0 below regarding Confidential Information; or
12. If the Department or State fails to appropriate funds for the project described in the Contract.

In the event of a termination for cause by the Department, the Department shall be liable for payments for any work accepted by the Department prior to the date of termination.

**18.0 REMEDIES OF THE DEPARTMENT:** The Department shall be free to invoke any and all remedies permitted under Wisconsin law. In particular, if the Contractor fails to perform as specified in the Contract, the Department may issue a written notice of default providing for at least a seven (7) business day period in which the Contractor shall have an opportunity to cure, provided that cure is possible, feasible, and approved in writing by the Department. Time allowed for cure of a default shall not diminish or eliminate the Contractor's liability. If the default remains, after opportunity to cure, then the Department may: (1) exercise any remedy provided in law or in equity or (2) terminate Contractor's Services.

If the Contractor fails to remedy any delay or other problem in its performance of the Contract after receiving reasonable notice from the Department to do so, the Contractor shall reimburse the Department for all reasonable costs incurred as a direct consequence of the Contractor's delay, action, or inaction.

In case of failure to deliver Services in accordance with the Contract, or services from other sources as necessary to fulfill the Contract, the Contractor shall be responsible for the additional cost of such services, including purchase price and administrative fees. This remedy shall be in addition to any other legal remedies available to the Department.

**19.0 TRANSITIONAL SERVICES:** Upon cancellation, termination, or expiration of the Contract for any reason, the Contractor shall provide reasonable cooperation, assistance and Services, and shall assist the Department to facilitate the orderly transition of the work under the Contract to the Department and/or to an alternative contractor selected for the transition upon written notice to the Contractor at least thirty (30) business days prior to termination or cancellation, and subject to the terms and conditions set forth in the Contract.

**20.0 ADDITIONAL INSURANCE RESPONSIBILITY:** The Contractor shall exercise due diligence in providing the Services under the Contract. In order to protect the Department's governing boards and any Department employee against liability, cost, or expenses (including reasonable attorney fees), which may be incurred or sustained as a result of Contractor's errors or other failure to comply with the terms of the Contract, the Contractor shall maintain errors and omissions insurance including coverage for network and privacy risks, breach of privacy and wrongful disclosure of information in an amount acceptable to the Department with a minimum of **\$1,000,000** per claim and **\$5,000,000** aggregate in force during the Contract period and for a period of three (3) years thereafter for Services completed. Contractor shall furnish the Department with a certificate of insurance for such amount. Further, this certificate shall designate the State of Wisconsin Department of Employee Trust Funds and its affiliated boards as additional insured parties. The Department reserves the right to require higher or lower limits where warranted.

**21.0 OWNERSHIP OF MATERIALS:** Except as otherwise provided in subsection (t) of Section 22, all information, data, reports and other materials as are existing and available from the Department and which the Department determines to be necessary to carry out the scope of Services under the Contract shall be furnished to the Contractor and shall be returned to the Department upon completion of the Contract. The Contractor shall not use such materials for any purpose other than carrying out the work described in the Contract.

The Department will be furnished without additional charge all data, models, information, reports, and other materials associated with and generated under the Contract by the Contractor.

The Department shall solely own all customized software, documents, and other materials developed under the Contract. Use of such software, documents, and materials by the Contractor shall only be with the prior written approval of the Department.

The Contract shall in no way affect or limit the Department's rights to use, disclose or duplicate, for any purpose whatsoever, all information and data pertaining to the Department, employees or members and generated by the claims administration and other Services provided by Contractor under the Contract.

All files (paper or electronic) containing any Wisconsin plan member, claimant or employee information and all records created and maintained in the course of the work specified by the Contract are the sole and exclusive property of the Department. Contractor may maintain copies of such files during the term of the Contract as may be necessary or appropriate for its performance of the Contract. Moreover, Contractor may maintain copies of such files after the term of the Contract (i) for one hundred twenty (120) days after termination, after which all such files shall be transferred to the Department or destroyed by Contractor, except for any files as to which a claim has been made, and (ii) for an unlimited period of time after termination for Contractor's use for statistical purposes, if Contractor first deletes all information in the records from which the identity of a claimant or employee could be determined and certifies to the Department that all personal identifiers have been removed from the retained files.

**22.0 CONFIDENTIAL INFORMATION AND HIPAA BUSINESS ASSOCIATE AGREEMENT:** This Section is intended to cover handling of Confidential Information under State and federal law, and specifically to comply with the requirements of the Health Insurance Portability and Accountability Act (HIPAA), Health Information Technology for Economic and

Clinical Health Act (HITECH), the Genetic Information Nondiscrimination Act (GINA), and the federal implementing regulations for those statutes requiring a written agreement with business associates.

- (a) **DEFINITIONS:** As used herein, unless the context otherwise requires:
- (1) Business Associate. "Business Associate" has the meaning ascribed to it at 45 CFR 160.103 and refers to the Contractor.
  - (2) Confidential Information. "Confidential Information" has the meaning set forth below in Section 28.0.
  - (3) Covered Entity. "Covered Entity" has the meaning ascribed to it at 45 CFR 160.103 and refers to the Department of Employee Trust Funds.
  - (4) HIPAA Rules. "HIPAA Rules" mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.
  - (5) Individual Personal Information. "Individual Personal Information" has the meaning ascribed to it at Wis. Admin. Code ETF § 10.70 (1).
  - (6) Medical Record. "Medical Record" has the meaning ascribed to it at Wis. Admin. Code ETF 10.01 (3m).
  - (7) Protected Health Information. "Protected Health Information" has the meaning ascribed to it under 45 s. CFR 160.103.
- (b) **PROVISION OF CONFIDENTIAL INFORMATION FOR CONTRACTED SERVICES:** The Department, a different business associate of the Department or a contractor performing services for the Department may provide Confidential Information to the Contractor under the Contract as the Department determines is necessary for the proper administration of the Contract, as provided by Wis. Stat. § 40.07 (1m) (d) and (3).
- (c) **DUTY TO SAFEGUARD CONFIDENTIAL INFORMATION:** The Contractor shall safeguard Confidential Information supplied to the Contractor or its employees under the Contract. In addition, the Contractor will only share Confidential Information with its employees on a need-to-know basis. Should the Contractor fail to properly protect Confidential Information, any cost the Department pays to mitigate the failure will be subtracted from the Contractor's invoice(s).
- (d) **USE AND DISCLOSURE OF CONFIDENTIAL INFORMATION:** Contractor shall:
- (1) Not use or disclose Confidential Information for any purpose other than as permitted or required by the Contract or as required by law. Contractor shall not use or disclose member or employee names, addresses, or other data for any purpose other than specifically provided for in the Contract;
  - (2) Make uses and disclosures and requests for any Confidential Information following the minimum necessary standard in the HIPAA Rules;
  - (3) Use appropriate safeguards to prevent use or disclosure of Confidential Information other than as provided for by the Contract, and with respect to Protected Health Information, comply with Subpart C of 45 CFR Part 164;
  - (4) Not use or disclose Confidential Information in a manner that would violate Subpart E of 45 CFR Part 164 or Wis. Stat. § 40.07; and
  - (5) If applicable, be allowed to use or disclose Confidential Information for the proper management and administration of the Contractor or to carry out the legal responsibilities of the Contractor, provided the disclosures are required by law, or Contractor obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and the person notifies Contractor of any instances of which it is aware in which the confidentiality of the information has been or is suspected of being breached.
- (e) **COMPLIANCE WITH ELECTRONIC TRANSACTIONS AND CODE SET STANDARDS:** The Contractor shall comply with each applicable requirement of 45 C.F.R. Part 162 if the Contractor conducts standard transactions, as that term is defined in HIPAA, for or on behalf of the Department.
- (f) **MANDATORY REPORTING:** Contractor shall report to the Department in the manner set forth in Subsection 22(l) any use or disclosure or suspected use or disclosure of Confidential Information not provided for by the Contract, of which it becomes aware, including breaches or suspected breaches of unsecured Protected Health Information as required at 45 CFR 164.410.
- (g) **DESIGNATED RECORD SET:** Contractor shall make available Protected Health Information in a designated record set to the individual as necessary to satisfy the Department's obligations under 45 CFR 164.524.
- (h) **AMENDMENT IN DESIGNATED RECORD SET:** Contractor shall make any amendment to Protected Health Information in a designated record set as directed or agreed to by the Department pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy the Department's obligations under 45 CFR 164.526.



- (i) **ACCOUNTING OF DISCLOSURES:** Contractor shall maintain and make available the information required to provide an accounting of disclosures to the individual as necessary to satisfy the Department's obligations under 45 CFR 164.528.
- (j) **COMPLIANCE WITH SUBPART E OF 45 CFR 164:** To the extent Contractor is to carry out one or more of the Department's obligations under Subpart E of 45 CFR Part 164, Contractor shall comply with the requirements of Subpart E that apply to a covered entity in the performance of such obligation.
- (k) **INTERNAL PRACTICES:** Contractor shall make its internal practices, books, and records available to the Secretary of the United States Department of Labor for purposes of determining compliance with the HIPAA Rules.
- (l) **CONTRACTOR REPORTING OF BREACH OR SUSPECTED BREACH OR DISCLOSURE TO THE DEPARTMENT:**
  - (1) Within twenty-four (24) hours after Contractor becomes aware of a suspected breach, impermissible use, or impermissible disclosure, Contractor shall notify in writing the Department Program Manager and Privacy Officer. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to Contractor, or, by exercising reasonable diligence, would have been known to Contractor. The notification must contain details sufficient for the Department Program Manager and Privacy Officer to determine the Department's response. Sufficient details include, without limitation:
    - a. A list of any persons affected (if available);
    - b. Information about the information included in the breach, impermissible use, or impermissible disclosure;
    - c. The date or dates of the suspected breach, impermissible use, or impermissible disclosure;
    - d. The date of the discovery by Contractor;
    - e. A list of the proactive steps taken by Contractor and being taken to correct the breach, impermissible use or impermissible disclosure; and
    - f. Contact information at Contractor for affected persons who contact the Department regarding the issue.
  - (2) Not less than one (1) business day before Contractor makes any external communications to the public, media, federal Office for Civil Rights (OCR), other governmental entity, or persons potentially affected by the breach, impermissible use, or impermissible disclosure, provide a copy of the planned communication to the Department Program Manager and Privacy Officer.
  - (3) Within thirty (30) business days after Contractor makes the initial report under this section, Contractor shall research the suspected breach, impermissible use, or impermissible disclosure of Confidential Information and provide a report in writing to the Department Program Manager. The report must contain, at a minimum:
    - a. A complete list of any persons affected (whose Confidential Information was supplied to Contractor by the Department) and their contact information;
    - b. Copies of correspondence or notifications provided to the public, media, OCR, other governmental entity, or persons potentially affected;
    - c. Whether Contractor's Privacy Officer has determined there has been a reportable breach under HIPAA, or an unauthorized acquisition under Wis. Stat. §134.98 and the reasoning for such determination;
    - d. If Contractor determines there has been a breach, impermissible use, or impermissible disclosure, an explanation of the root cause of the breach, impermissible use, or impermissible disclosure;
    - e. A list of the corrective actions taken to mitigate the suspected breach, impermissible use, or impermissible disclosure; and
    - f. A list of the corrective actions taken to prevent a similar future breach, impermissible use, or impermissible disclosure.
- (m) **CLASSIFICATION LABELS:** Contractor shall ensure that all data classification labels contained on or included in any item of Confidential Information shall be reproduced by Contractor on any reproduction, modification, or translation of such Confidential Information. Contractor shall make a reasonable effort to add a proprietary notice or indication of confidentiality to any tangible materials within its possession that contain Confidential Information of the Department, as directed by the Department.
- (n) **SUBCONTRACTORS:** If applicable, in accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), Contractor shall ensure that any subcontractors that create, receive, maintain, or transmit Confidential Information on behalf of Contractor agree to the same restrictions, conditions, and requirements that apply to Contractor with respect to such information.
- (o) **NOTICE OF LEGAL PROCEEDINGS:** If Contractor or any of its employees, agents, or subcontractors is legally required in any administrative, regulatory or judicial proceeding to disclose any Confidential Information, contractor

shall give the Department prompt notice (unless it has a legal obligation to the contrary) so that the Department may seek a protective order or other appropriate remedy. In the event that such protective order is not obtained, Contractor shall furnish only that portion of the information that is legally required and shall disclose the Confidential Information in a manner reasonably designed to preserve its confidential nature.

- (p) **MITIGATION:** The Contractor shall take immediate steps to mitigate any harmful effects of the suspected or actual unauthorized use, disclosure, or loss of any Confidential Information provided to Contractor under the Contract. The Contractor shall reasonably cooperate with the Department's efforts to comply with the breach notification requirements of HIPAA, to seek appropriate injunctive relief or otherwise prevent or curtail such suspected or actual unauthorized use, disclosure or loss, or to recover its Confidential Information, including complying with a reasonable corrective action plan, as directed by the Department.
- (q) **COMPLIANCE REVIEWS:** The Department may conduct a compliance review of the Contractor's security procedures before and during the Contract term to protect Confidential Information.
- (r) **AMENDMENT:** The Parties agree to take such action as is necessary to amend the Contract as necessary for compliance with the HIPAA Rules and other applicable law.
- (s) **SURVIVAL:** The obligations of Contractor under this Section survive the termination of the underlying Contract.
- (t) **RETURN OR DESTRUCTION OF CONFIDENTIAL INFORMATION:** Upon termination of the Contract for any reason, Contractor, with respect to Confidential Information received from the Department, another contractor of the Department, or created, maintained, or received by Contractor on behalf of the Department, shall:
  - 1. Retain only that Confidential Information which is necessary for Contractor to continue its proper management and administration or to carry out its legal responsibilities;
  - 2. Return to the Department or, if agreed to by the Department, destroy the remaining Confidential Information that Contractor still maintains in any form;
  - 3. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Subsection, for as long as Contractor retains the Protected Health Information;
  - 4. Not use or disclose the Confidential Information retained by Contractor other than for the purposes for which such Confidential Information was retained and subject to the same conditions set out above under Subsection 22(d) which applied prior to termination;
  - 5. Return to the Department or, if agreed to by the Department, destroy the Protected Health Information retained by Contractor when it is no longer needed by Contractor for its proper management and administration or to carry out its legal responsibilities; and
  - 6. If required by the Department, transmit the Confidential Information to another contractor of the Department.

### 23.0 INDEMNIFICATION:

**23.1 SCOPE OF INDEMNIFICATION FOR INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT:** In the event of a claim against the Parties for Intellectual Property Rights Infringement associated with a claim for benefits, Contractor agrees to defend, indemnify and hold harmless Board and Department ("Indemnified Parties") from and against any and all claims, actions, loss, damage, expenses, costs (including reasonable fees for Department's staff attorneys and/or attorneys from the Wisconsin Attorney General's Office) reasonable attorneys' fees otherwise incurred by Board, Department and/or the Wisconsin Attorney General's Office, court costs, and related reasonable legal expenses whether incurred in defending against such claims or enforcing this Section.

**23.2 SCOPE OF OTHER INDEMNIFICATION:** In addition to the foregoing Section, Contractor shall defend, indemnify and hold harmless the Indemnified Parties from and against any and all claims, actions, loss, damage, expenses, costs (including reasonable fees for the Department's staff attorneys and/or attorneys from the Wisconsin Attorney General's Office), court costs, and related reasonable legal expenses whether incurred in defending against such claims or enforcing this Section, or liability arising from or in connection with the following: (a) Contractor's performance of or failure to perform any duties or obligations under any agreement between Contractor and any third party; (b) injury to persons (including death or illness) or damage to property caused by the act or omission of Contractor or Contractor personnel; (c) any claims or losses for Services rendered by any subcontractor, person, or firm performing or supplying Services, materials, or supplies in connection with the Contractor's performance of the Contract; (d) any claims or losses resulting to any person or third party entity injured or damaged by the Contractor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (e) any

failure of the Contractor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.

- 23.3 INDEMNIFICATION NOTICE:** The Department shall give the Contractor prompt written notice of such claim, suit, demand, or action (provided that a failure to give such prompt notice will not relieve the Contractor of its indemnification obligations hereunder except to the extent Contractor can demonstrate actual, material prejudice to its ability to mount a defense as a result of such failure). The Department will cooperate, assist, and consult with the Contractor in the defense or investigation of any claim made or suit filed against Department resulting from Contractor's performance under the Contract.
- 23.4 NO INDEMNIFICATION OBLIGATIONS:** Contractor shall, as soon as practicable, notify the Department of any claim made or suit filed against Contractor resulting from Contractor's obligations under the Contract if such claim may involve the Department. The Department has no obligation to provide legal counsel or defense to Contractor if a suit, claim, or action is brought against Contractor or its subcontractors as a result of Contractor's performance of its obligations under the Contract. In addition, Department has no obligation for the payment of any judgments or the settlement of any claims against Contractor arising from or related to the Contract. Department has not waived any right or entitlement to claim sovereign immunity under the Contract.
- 23.5 CONTRACTOR'S DUTY TO INDEMNIFY:** The Contractor shall comply with its obligations to indemnify, defend and hold the Indemnified Parties harmless with regard to claims, damages, losses and/or expenses arising from a claim. The Contractor shall be entitled to control the defense of any such claim and to defend or settle any such claim, in its sole discretion, with counsel of its own choosing; however, the Contractor shall consult with the Department regarding its defense of any claim and not settle or compromise any claim or action in a manner that imposes restrictions or obligations on Department, requires any financial payment by the Department, or grants rights or concessions to a third party without first obtaining the Department's prior written consent. Contractor shall have the right to assert any and all defenses on behalf of the Indemnified Parties, including sovereign immunity.

In carrying out any provision of the Contract or in exercising any power or authority granted to the Contractor thereby, there shall be no liability upon the Department, it being understood that in such matters the Department acts as an agent of the State.

The Contractor shall at all times comply with and observe all federal and State laws and regulations which are in effect during the period of the Contract and which in any manner affect the work or its conduct.

- 24.0 EQUITABLE RELIEF:** The Contractor acknowledges and agrees that the unauthorized use, disclosure, or loss of Confidential Information may cause immediate and irreparable injury to the individuals whose information is disclosed and to the State, which injury shall not be compensable by money damages and for which there is not an adequate remedy available at law. Accordingly, the Department and the Contractor specifically agree that the Department, on its own behalf or on behalf of the affected individuals, shall be entitled to obtain injunctive or other equitable relief to prevent or curtail any such breach, threatened or actual, without posting security and without prejudice to such other rights as may be available under the Contract or under applicable law.

- 25.0 RIGHT TO PUBLISH OR DISCLOSE:** Throughout the term of the Contract, the Contractor must secure the Department's written approval prior to the release of any information which pertains to work or activities covered by the Contract.

The Department and the Contractor agree that it is a breach of the Contract to disclose any information to any person that the Department or its governing boards may not disclose under Wis. Stat. § 40.07. Contractor acknowledges that it will be liable for damage or injury to persons whose Confidential Information is disclosed by any officer, employee, agent, or subcontractor of the Contractor without proper authorization.

- 26.0 TIME IS OF THE ESSENCE:** Timely provision of the Services required under the Contract shall be of the essence of the Contract, including the provision of the Services within the time agreed or on a date specified in the Contract.

- 27.0 IDENTIFICATION OF KEY PERSONNEL AND PERSONNEL CHANGES:** The Department will designate a contract administrator, who shall have oversight for performance of the Department's obligations under the Contract. The Department shall not change the person designated without prior written notification to the Contractor.

The State of Wisconsin reserves the right to approve all individuals assigned to the project described in the Contract. The Contractor agrees to use its best efforts to minimize personnel changes during the Contract term.

At the time of contract negotiations, the Contractor shall furnish the Department with names of all key personnel assigned to perform work under the Contract and furnish the Department with criminal background checks.

The Contractor will designate a contract administrator who shall have executive and administrative oversight for performance of the Contractor's obligations under the Contract. The Contractor shall not change this designation without prior written notice to the Department.

The Contractor may not divert key personnel for any period of time except in accordance with the procedure identified in this Section. The Contractor shall provide a notice of proposed diversion or replacement to the Department Program Manager and Contract Manager at least sixty (60) calendar days in advance, together with the name and qualifications of the person(s) who will take the place of the diverted or replaced staff. At least thirty (30) calendar days before the proposed diversion or replacement, the Department shall notify the Contractor whether the proposed diversion or replacement is approved or rejected, and if rejected shall provide reasons for the rejection. Such approval by the Department shall not be unreasonably withheld or delayed.

Replacement staff shall be on-site within two (2) weeks of the departure date of the person being replaced. The Contractor shall provide the Department with reasonable access to any staff diverted by the Contractor.

Replacement of key personnel shall be with persons of equal ability and qualifications. The Department has the right to conduct separate interviews of proposed replacements for key personnel. The Department shall have the right to approve, in writing, the replacement of key personnel. Such approval shall not be unreasonably withheld. Failure of the Contractor to promptly replace key personnel within thirty (30) calendar days after departure shall entitle the Department to terminate the Contract. The Contractor's notice and justification of a change in key personnel must include identification of proposed substitute key personnel and must provide sufficient detail to permit the Department to evaluate the impact of the change on the project and/or maintenance.

Any of the Contractor's staff that the Department deems unacceptable shall be promptly and without delay removed from the project by the Contractor and replaced by the Contractor within thirty (30) calendar days by another employee with acceptable experience and skills subject to the prior approval of the Department. Such approval by the Department will not be unreasonably withheld or delayed.

An unauthorized change by the Contractor of any contracted personnel designated as key personnel will result in the imposition of liquidated damages, as defined in the Contract.

## **28.0 DATA SECURITY AND PRIVACY AGREEMENT**

(a) **PURPOSE AND SCOPE OF APPLICATION:** This Data Security and Privacy Agreement (Agreement) is designed to protect the Department of Employee Trust Funds' (Department) Confidential Information and Department Information Resources (defined below). This Agreement describes the data security and privacy obligations of Contractor and its sub-contractors that connect to Department Information Resources and/or gain access to Confidential Information.

(b) **DEFINED TERMS:**

(1) **Confidential Information** means all tangible and intangible information and materials being disclosed in connection with the Contract, in any form or medium without regard to whether the information is owned by the State of Wisconsin or by a third party, which satisfies at least one of the following criteria: (i) Individual Personal Information; (ii) Protected Health Information under HIPAA, 45 CFR 160.103; (iii) proprietary information; (iv) non-public information related to the State of Wisconsin's employees, customers, technology (including data bases, data processing and communications networking systems), schematics, specifications, and all information or materials derived therefrom or based thereon; (v) information expressly designated as confidential in writing by the State of Wisconsin; (vi) all information that is restricted or prohibited from disclosure by State or federal law, including Individual Personal Information and Medical Records as governed by Wis. Stat. § 40.07, Wis. Admin. Code ETF 10.70(1) and 10.01(3m); or (vii) any material submitted by the Contractor in response to a Department RFB/RFP that the Contractor designates confidential and proprietary information and which qualifies as a trade secret, as provided in Wis. Stat. § 19.36 (5) or material which can be kept confidential under the Wisconsin public records law.

(2) **Department Information Resources** means those devices, networks and related infrastructure that the Department has obtained for use to conduct Department business. Devices include but are not limited to, Department-owned, managed, used through service agreements storage, processing, communications devices and related infrastructure on which Department data is accessed, processed, stored, or communicated, and may include personally owned devices. Data includes, but is not limited to, Confidential Information, other Department created or managed business and research data, metadata, and credentials created by or issued on behalf of the Department.

- (c) **ACCESS TO DEPARTMENT INFORMATION RESOURCES:** In any circumstance when Contractor is provided access to Department Information Resources, it is solely Contractor's responsibility to ensure that its access does not result in any access by unauthorized individuals to Department Information Resources. Contractors who access the Department's systems from any Department location must at a minimum conform with Department security standards that are in effect at the Department location(s) where the access is provided. Any Contractor technology and/or systems that gain access to Department Information Resources must comply with, at a minimum, the elements in the Computer System Security Requirements set forth in this Agreement.
- (d) **COMPLIANCE WITH APPLICABLE LAWS:** Contractor agrees to comply with all applicable state and federal laws, as well as industry best practices, governing the collection, access, use, disclosure, safeguarding and destruction of Confidential Information.
- (e) **PROHIBITION ON UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION:** Contractor agrees to hold the Department's Confidential Information, and any information derived from such information, in strictest confidence. Contractor will not access, use or disclose Confidential Information other than to carry out the purposes for which the Department disclosed the Confidential Information to Contractor, except as permitted or required by applicable law, or as otherwise authorized in writing by the Department. For avoidance of doubt, this provision prohibits Contractor from using for its own benefit Confidential Information or any information derived from such information. If required by a court of competent jurisdiction or an administrative body to disclose Confidential Information, Contractor will notify the Department in writing immediately upon receiving notice of such requirement and prior to any such disclosure, to give the Department an opportunity to oppose or otherwise respond to such disclosure (unless prohibited by law from doing so).
- (f) **REQUIREMENT TO KEEP CONFIDENTIAL INFORMATION WITHIN THE UNITED STATES:** The Contractor's transmission, transportation or storage of Confidential Information outside the United States, or access of Confidential Information from outside the United States, is prohibited except on prior written authorization by the Department.
- (g) **SAFEGUARD STANDARD:** Contractor agrees to protect the privacy and security of Confidential Information according to all applicable laws and regulations, including HIPAA, by commercially-acceptable frameworks or standards such as the ISO/IEC 27000-series, NIST, 800-53, RFC 2196, IEC 62443, and SANS CIS Top 20. ISO 27001, etc. Security Controls, and no less rigorously than it protects its own confidential information, but in no case less than reasonable care. Contractor will implement, maintain and use appropriate administrative, technical and physical security measures to preserve the confidentiality, integrity and availability of the Confidential Information. All Confidential Information stored on portable devices or media must be encrypted in accordance with the Federal Information Processing Standards (FIPS) Publication 140-2. Contractor will ensure that all security measures are regularly reviewed including ongoing monitoring, an annual penetration and vulnerability test, and an annual security incident response test, and revised, no less than annually, to address evolving threats and vulnerabilities while Contractor has responsibility for the Confidential Information under the terms of this Agreement. Prior to agreeing to the terms of this Agreement, and periodically thereafter (no more frequently than annually) at the Department's request, Contractor will provide assurance, in the form of a third-party audit report or other documentation acceptable to the Department, such as SOC2 Type II, demonstrating that appropriate information security safeguards and controls are in place.
- (h) **INFORMATION SECURITY PLAN:**
- (1) Contractor acknowledges that the Department is required to comply with information security standards for the protection of Confidential Information as required by law, regulation and regulatory guidance, as well as the Department's internal security program for information and systems protection.
  - (2) Contractor will establish, maintain and comply with an information security plan (Information Security Plan), which will contain, at a minimum, such elements as those set forth in this Agreement.
  - (3) Contractor's Information Security Plan will be designed to:
    - a. Ensure the privacy, security, integrity, availability, and confidentiality of Confidential Information;
    - b. Protect against any anticipated threats or hazards to the security or integrity of Confidential Information;
    - c. Protect against unauthorized access to or use of Confidential Information that could result in harm or inconvenience to the person that is the subject of such information;
    - d. Reduce risks associated with Contractor having access to Department Information Resources; and
    - e. Comply with all applicable legal and regulatory requirements for data protection.
  - (4) On at least an annual basis, Contractor will review its Information Security Plan, update and revise it as needed, and submit it to the Department upon request. At the Department's request, Contractor will make modifications to its Information Security Plan or to the procedures and practices thereunder to conform to the Department's security requirements as they exist from time to time. If there are any significant

modifications to Contractor's Information Security Plan, Contractor will notify the Department within a reasonable period of time, not to exceed two weeks. Any significant modification must include the same or a higher framework or information security standard maturity level than what currently exists in Contractor's Security Plan.

**(i) RETURN OR DESTRUCTION OF CONFIDENTIAL INFORMATION:**

Upon termination of the Contract for any reason, Contractor, with respect to Confidential Information received from the Department, another contractor of the Department, or created, maintained, or received by Contractor on behalf of the Department, shall:

- (1) Retain only that Confidential Information which is necessary for Contractor to continue its proper management and administration or to carry out its legal responsibilities;
- (2) Where feasible, return to the Department, or, if agreed to by the Department, destroy the remaining Confidential Information that Contractor still maintains in any form;
- (3) Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent use or disclosure of the Protected Health Information, other than as provided for in this Subsection, for as long as Contractor retains the Protected Health Information;
- (4) Not use or disclose the Confidential Information retained by Contractor other than for the purposes for which such Confidential Information was retained and subject to the same conditions set out above under Subsection (d) which applied prior to termination;
- (5) Return to the Department or, if agreed to by the Department, destroy the Protected Health Information retained by Contractor when it is no longer needed by Contractor for its proper management and administration or to carry out its legal responsibilities; and
- (6) If required by the Department, transmit the Confidential Information to another contractor of the Department.

**(j) NOTIFICATION OF CORRESPONDENCE CONCERNING CONFIDENTIAL INFORMATION:** Contractor agrees to notify the Department immediately, both orally and in writing, but in no event more than twenty-four (24) hours after Contractor receives correspondence or a complaint regarding Confidential Information, including but not limited to, correspondence or a complaint that originates from a regulatory agency or an individual.

**(k) BREACHES OF CONFIDENTIAL INFORMATION:**

**CONTRACTOR REPORTING OF BREACH OR SUSPECTED BREACH OR DISCLOSURE TO THE DEPARTMENT:**

- (1) Within twenty-four (24) hours after Contractor becomes aware of a suspected breach, impermissible use, or impermissible disclosure of the Department's Confidential Information, Contractor agrees to notify in writing the Department Program Manager and Privacy Officer. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to Contractor, or, by exercising reasonable diligence, would have been known to Contractor. The notification must contain details sufficient for the Department Program Manager and Privacy Officer to determine the Department's agency response. Sufficient details include, without limitation:
  - a. The nature of the unauthorized access, use or disclosure;
  - b. A list of any affected persons (if available), whose Confidential Information was supplied to Contractor by the Department;
  - c. Information about the information included in the breach, impermissible use, or impermissible disclosure;
  - d. The date or dates of the suspected breach, impermissible use, or impermissible disclosure;
  - e. The date of the discovery by Contractor;
  - f. A list of the pro-active steps taken by Contractor and being taken to correct the breach, impermissible use or impermissible disclosure; and
  - g. Contact information at Contractor for affected persons who contact the Department regarding the issue.
- (2) Not less than twenty-four (24) hours before Contractor makes any external communications to the public, media, federal Office for Civil Rights (OCR), other governmental entity, or persons potentially affected by the breach, impermissible use, or impermissible disclosure, Contractor agrees to provide a copy of the planned communication to the Department Program Manager and Privacy Officer.
- (3) Within thirty (30) days after Contractor makes the initial report under this section, Contractor shall research the suspected breach, impermissible use, or impermissible disclosure of Confidential Information and provide a report in writing to the Department Program Manager. The report must contain, at a minimum:

- a. A complete list of any affected persons (whose Confidential Information was supplied to Contractor by the Department) and their contact information;
- b. Copies of correspondence or notifications provided to the public, media, OCR, other governmental entity, or persons potentially affected;
- c. Whether Contractor's Privacy Officer has determined there has been a reportable breach under HIPAA, or an unauthorized acquisition under Wis. Stat. §134.98 and the reasoning for such determination;
- d. If Contractor determines there has been a breach, impermissible use, or impermissible disclosure, an explanation of the root cause of the breach, impermissible use, or impermissible disclosure;
- e. A list of the corrective actions taken to mitigate the suspected breach, impermissible use, or impermissible disclosure; and
- f. A list of the corrective actions taken to prevent a similar future breach, impermissible use, or impermissible disclosure.

**COORDINATION OF BREACH RESPONSE ACTIVITIES:**

- (4) Contractor will fully cooperate with the Department's investigation of any breach of Confidential Information involving Contractor, including but not limited to making witnesses, documents, HIPAA logs, systems logs, video recordings, or other pertinent or useful information available immediately upon Contractor's reporting of the breach and throughout the investigation. Contractor's full cooperation will include but not be limited to Contractor:
  - a. Immediately preserving any potential forensic evidence relating to the breach, and remedying the breach as quickly as circumstances permit
  - b. Within forty-eight (48) hours designating a contact person to whom the Department will direct inquiries, and who will communicate Contractor responses to Department inquiries; Contractor will designate a Privacy Officer and Security Officer to serve as contacts for the Department.
  - c. As rapidly as circumstances permit, applying appropriate resources to remedy the breach condition, investigate, document, restore the Department service(s) as directed by the Department, and undertake appropriate response activities such as working with the Department, its representative, and law enforcement to identify the breach, identify the perpetrator(s), and take appropriate actions to remediate the security vulnerability;
  - d. Providing status reports to the Department at least every two (2) hours until the root cause of the breach is identified and a plan is devised to fully remediate the breach;
  - e. Once the root cause of the breach is identified and a plan is devised to fully remediate the breach, providing status reports to the Department daily or at mutually agreed upon timeframes, to the Department on breach response activities, findings, analyses, and conclusions;
  - f. Coordinating all media, law enforcement, or other breach notifications with the Department in advance of such notification(s), unless expressly prohibited by law; and
  - g. Ensuring that knowledgeable Contractor staff is available on short notice, if needed, to participate in Department-initiated meetings and/or conference calls regarding the breach.

**ASSISTANCE IN LITIGATION OR ADMINISTRATIVE PROCEEDINGS:**

- (5) Contractor will make itself and any employees, subcontractors, or agents assisting Contractor in the performance of its obligations available to the Department at no cost to the Department to testify as witnesses, or otherwise, in the event of a breach or other unauthorized disclosure of Confidential Information caused by Contractor that results in litigation, governmental investigations, or administrative proceedings against the Department, its directors, officers, agents or employees based upon a claimed violation of laws relating to security and privacy or arising out of this Agreement or the Contract.

**(I) RETENTION OF LOGS:**

- a. Contractor shall keep all HIPAA logs (logs of any systems that have information relating to HIPAA) for six (6) years.
- b. Contractor shall keep all firewall logs for twelve (12) months.

- (m) **ADDITIONAL INSURANCE:** In addition to the insurance required under the Contract, Contractor, at its sole cost and expense, will obtain, keep in force, and maintain an insurance policy (or policies) that provides coverage for privacy and data security breaches. This specific type of insurance is typically referred to as Privacy, Technology and Data Security Liability, Cyber Liability, or Technology Professional Liability. In some cases, Professional Liability policies may include some coverage for privacy and/or data breaches. Regardless of the type of policy in place, it needs to include coverage for reasonable costs in investigating and responding to privacy and/or data breaches with the following minimum limits unless the Department specifies otherwise: \$1,000,000 Each Occurrence and \$5,000,000 Aggregate.

**(n) INFORMATION SECURITY PLAN REQUIREMENTS:**

- (1) Contractor will develop, implement, and maintain a comprehensive Information Security Plan that is written in one or more readily accessible parts and contains administrative, technical, and physical safeguards. The safeguards contained in the Information Security Plan must be consistent with the safeguards for protection of Confidential Information and information of a similar character set forth in any state or federal regulations by which the person who owns or licenses such information may be regulated.
- (2) Without limiting the generality of the foregoing, every comprehensive Information Security Plan will include, but not be limited to:
  - a. Designating one or more employees to maintain the comprehensive Information Security Plan;
  - b. Identifying and assessing internal and external risks to the security, confidentiality, and/or integrity of any electronic, paper or other records containing Confidential Information and of Department Information Resources, and evaluating and improving, where necessary, the effectiveness of the current safeguards for limiting such risks, including but not limited to:
    - Ongoing employee (including temporary and contract employee) training;
    - Employee compliance with policies and procedures; and
    - Means, including Contractor staff, processes, and technology, for detecting information system intrusions, data breaches, and anomalous system behavior or activity, and for preventing security breaches, intrusions, or unauthorized access to information systems or networks.
  - c. Developing security policies for employees relating to the storage, access and transportation of records containing Confidential Information outside of business premises.
  - d. Imposing disciplinary measures for violations of the comprehensive Information Security Plan rules.
  - e. Preventing terminated employees from accessing records containing Confidential Information and/or Department Information Resources.
  - f. Overseeing service providers, by:
    - Taking reasonable steps to select and retain third-party service providers that are capable of maintaining appropriate security measures to protect such Confidential Information and Department Information Resources consistent with all applicable laws and regulations; and
    - Requiring such third-party service providers by contract to implement and maintain such appropriate security measures for Confidential Information.
  - g. Placing reasonable restrictions upon physical access to records containing Confidential Information and Department Information Resources and requiring storage of such records and data in locked facilities, storage areas or containers.
  - h. Restrict physical access to any network or data centers that may have access to Confidential Information or Department Information Resources.
  - i. Requiring regular monitoring to ensure that the comprehensive Information Security Plan is operating in a manner reasonably calculated to prevent unauthorized access to or unauthorized use of Confidential Information and Department Information Resources; and upgrading information safeguards as necessary to limit risks.
  - j. Reviewing the scope of the security measures at least annually or whenever there is a material change in business practices that may reasonably implicate the security or integrity of records containing Confidential Information and of Department Information Resources.
  - k. Documenting responsive actions taken in connection with any incident involving a breach, and mandating post-incident review of events and actions taken, if any, to make changes in business practices relating to protection of Confidential Information and Department Information Resources.
- (o) **COMPUTER SYSTEM SECURITY REQUIREMENTS:** To the extent that Contractor electronically stores or transmits Confidential Information or has access to any Department Information Resources, it will include in its written, comprehensive Information Security Plan the establishment and maintenance of a security system covering its computers, including any wireless system, that, at a minimum, and to the extent technically feasible, will have the following elements:
  - (1) Secure user authentication protocols including:
    - a. Control of user IDs and other identifiers;
    - b. A secure method of assigning and selecting passwords, or use of unique identifier technologies, such as biometrics or token devices;
    - c. Multi-Factor Authentication (MFA);
    - d. Control of data security passwords to ensure that such passwords are kept in a location and/or format that does not compromise the security of the data they protect;
    - e. MFA for system administrators and others with 'super-user' access rights;
    - f. Restricting access to active users and active user accounts only;
    - g. Blocking access to user identification after multiple unsuccessful attempts to gain access or the limitation placed on access for the particular system; and
    - h. Periodic review of user access, access rights and audit of user accounts.
  - (2) Secure access control measures that:



- a. Restrict access to records and files containing Confidential Information and systems that may have access to Department Information Resources to those who need such information to perform their job duties; and
  - b. Assign unique identifications plus passwords, which are not vendor supplied default passwords, to each person with computer access, which are reasonably designed to maintain the integrity of the security of the access controls.
- (3) Encryption of all transmitted records and files containing Confidential Information.
  - (4) Adequate security of all networks that connect to Department Information Resources or access Confidential Information, including wireless networks.
  - (5) Reasonable monitoring of systems, for unauthorized use of or access to Confidential Information and Department Information Resources.
  - (6) Encryption of all Confidential Information stored on Contractor devices, including laptops or other portable storage devices.
  - (7) For files containing Confidential Information on a system that is connected to the Internet or that may have access to Department Information Resources, reasonably up-to-date firewall, router and switch protection and operating system security patches, reasonably designed to maintain the integrity of the Confidential Information.
  - (8) Reasonably up-to-date versions of system security agent software, including intrusion detection systems, which must include malware protection and reasonably up-to-date patches and virus definitions, or a version of such software that can still be supported with up-to-date patches and virus definitions, and is set to receive the most current security updates on a regular basis.
  - (9) Education and training of employees on the proper use of the computer security system and the importance of Confidential Information and network security.

With reasonable notice to Contractor, the Department may require additional security measures which may be identified in additional guidance, contracts, communications or requirements.

- 29.0 DISCLOSURE:** If a State public official (s. 19.42, Wis. Stats.), a member of a State public official's immediate family, or any organization in which a State public official or a member of the official's immediate family owns or controls a ten percent (10%) interest, is a party to the Contract, and if the Contract involves payment of more than three thousand dollars (\$3,000) within a twelve (12) month period, the Contract is voidable by the Department unless appropriate disclosure is made according to s. 19.45(6), Wis. Stats., before the Contract is signed. Disclosure must be made to the Department or the State of Wisconsin Ethics Board, 44 East Mifflin Street, Suite 601, Madison, Wisconsin 53703 (Telephone 608-266-8123).
- 30.0 DISCLOSURE OF INDEPENDENCE AND RELATIONSHIP:**
- 30.1** Contractor certifies that no relationship exists between Contractor and the Department that interferes with fair competition or is a conflict of interest, and no relationship exists between the Contractor and another person or organization that constitutes a conflict of interest with respect to a State contract. The Department may waive this provision, in writing, if those activities of the Contractor will not be adverse to the interests of the State.
  - 30.2** Contractor agrees that during performance of the Contract, the Contractor will neither provide contractual services nor enter into any agreement to provide services to a person or organization that is regulated or funded by the Department or has interests that are adverse to the Department. The Department may waive this provision, in writing, if those activities of the Contractor will not be adverse to the interests of the State.
- 31.0 PROMOTIONAL ADVERTISING / NEWS RELEASES:** Reference to or use of the Department, the State, any of its departments, agencies or other subunits, or any State official or employee for commercial promotion is prohibited. News releases pertaining to the Contract, shall not be made without prior approval of the Department. Release of broadcast e-mails pertaining to the Contract shall not be made without prior written authorization of the Department.
- 32.0 EMPLOYMENT:** The Contractor will not engage the services of any person or persons now employed by the State, including any department, commission or board thereof, to provide services relating to the Contract without the written consent of the employing agency of such person or persons and of the Department.
- 33.0 INDEPENDENT CAPACITY OF CONTRACTOR:** The Department and the Contractor agree that the Contractor, its officers, agents, and employees, in the performance of the Contract shall act in the capacity of an independent contractor and not as an officer, employee, or agent of the State. The Contractor agrees to take such steps as may be

necessary to ensure that each subcontractor of the Contractor will be deemed to be an independent contractor and will not be considered or permitted to be an agent, servant, joint venturer, or partner of the State.

- 34.0 TAXES:** The State and its agencies are exempt from payment of all federal tax and State and local taxes on its purchases except Wisconsin excise taxes as described below.

The State is exempt from payment of Wisconsin sales or use tax on its purchases. The State may be subject to other states' taxes on its purchases in that state depending on the laws of that state. Contractors performing construction activities are required to pay State use tax on the cost of materials.

- 35.0 VENDOR TAX DELINQUENCY:** The State may offset Contractor's payments if Contractor has a delinquent State tax liability.

- 36.0 FOREIGN CORPORATION:** If Contractor is a foreign corporation (any corporation other than a Wisconsin corporation), Contractor is required to conform to all the requirements of Chapter 180, Wis. Stats., relating to a foreign corporation and must possess a certificate of authority from the Wisconsin Department of Financial Institutions, unless the corporation is transacting business in interstate commerce or is otherwise exempt from the requirement of obtaining a certificate of authority. Any foreign corporation which desires to apply for a certificate of authority should contact the Department of Financial Institutions, Division of Corporations, P. O. Box 7846, Madison, WI 53707-7846; telephone (608) 261-7577.

- 37.0 RECORDKEEPING AND RECORD RETENTION:** The Contractor shall establish and maintain adequate records of all expenditures incurred under the Contract. All records must be kept in accordance with generally accepted accounting procedures. All procedures must be in accordance with federal, State and local ordinances.

The Department shall have the right to audit, review, examine, copy, and transcribe any pertinent records or documents relating to the Contract held by the Contractor.

It is the intention of the State to maintain an open and public process in the solicitation, submission, review, and approval of procurement activities. Bid/proposal openings are public unless otherwise specified. Records may not be available for public inspection prior to issuance of the notice of intent to award or the award of a contract. Pursuant to §19.36 (3), Wis. Stats., all records of the Contractor that are produced or collected under the Contract are subject to disclosure pursuant to a public records request. Upon receipt of notice from the State of a public records request for records produced or collected under the Contract, the Contractor shall provide the requested records to the Department. The Contractor, following final payment, shall retain all records produced or collected under the Contract for six (6) years.

- 38.0 ANTITRUST ASSIGNMENT:** The Contractor and the State recognize that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the State (purchaser). Therefore, the Contractor hereby assigns to the State any and all claims for such overcharges as to goods, materials or services purchased in connection with the Contract.

- 39.0 ASSIGNMENT:** No right or duty in whole or in part of the Contractor under the Contract may be assigned or delegated without the prior written consent of the Department.

- 40.0 PATENT INFRINGEMENT:** If goods, products, or articles are provided under the Contract, the Contractor guarantees such items were manufactured or produced in accordance with applicable federal labor laws. Further, that the sale or use of such items described in the Contract will not infringe any United States patent. The Contractor covenants that it will at its own expense defend every suit which shall be brought against the State (provided that the Contractor is promptly notified of such suit, and all papers therein are delivered to it) for any alleged infringement of any patent by reason of the sale or use of such items, and agrees that it will pay all costs, damages, and profits recoverable in any such suit.

- 41.0 SAFETY REQUIREMENTS:** All materials, equipment, and supplies provided to the Department must comply fully with all safety requirements as set forth by the Wisconsin Administrative Code and all applicable OSHA Standards.

- 42.0 FORCE MAJEURE:** Neither the Contractor nor the Department shall be in default by reason of any failure in performance of the Contract in accordance with reasonable control and without fault or negligence on their part. Such causes may include, but are not restricted to, acts of nature or the public enemy, acts of the government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes and unusually severe weather, but in every case the failure to perform such must be beyond the reasonable control and without the fault or negligence of the non-performing party.

## Appendix 3

### GENERAL QUESTIONNAIRE

**Use for: Compliance Audit Services for,**

ETH0039 IRC Section 125 Cafeteria Plan and Employee Reimbursement Accounts Program

ETH0040 Health Savings Accounts Program

ETH0041 Commuter Fringe Benefit Accounts Program

ETH0042 Pharmacy Benefit Program

ETH0043 Income Continuation Insurance Program

ETH0044 Life Insurance Program

ETH0045 Uniform Dental Insurance Program

ETH0046 Wellness and Disease Management Program

ETH0047 Data Warehouse and Visual Business Intelligence Services

ETH0048 Wisconsin Deferred Compensation Program

**This General Questionnaire is scored. (300 total points)**

The purpose of this questionnaire is to provide the Department with a basis for determining the Proposer's capability to undertake the Contract.

**Only answer this General Questionnaire ONCE, even if proposing to audit more than one program or service.**

All Proposers must respond to the following by restating the identifying number of each question (for example, 6.1.1), restating each question or statement and providing a detailed written response. The Proposal, at a minimum, must address the items listed below, and be organized in the order indicated below.

Include all requested documents at the end of the section in your Proposal that corresponds to the Section in the RFP in which the document is requested. Label the document provided with the section number it applies to.

The Proposer must be able to perform the Services according to the requirements contained in this RFP.

The Proposer must provide sufficient detail for the evaluation committee and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes that the Proposer's qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in the appropriate section of the Proposal. **Associated costs should ONLY be listed in Form H - Cost Proposal Workbook. Do not include cost/pricing information in any other section of the Proposal.**

## 6.1 EXPERIENCE AND REFERENCES

<p><b>6.1.1</b></p>	<p>Identify Proposer's:</p> <ul style="list-style-type: none"> <li>a) name</li> <li>b) address</li> <li>c) telephone number</li> <li>d) name of the authorized official responsible for all activities relating to this Proposal and</li> <li>e) list <b>all</b> the RFP numbers and titles (for example, ETH0041 – Commuter Benefits, ETH0042 – Pharmacy Benefit Program, etc.) to which Proposer is proposing to audit. <b><u>ONLY answer this questionnaire ONCE</u></b> regardless of how many RFP numbers and titles are listed here.</li> </ul>
<p><b>6.1.2</b></p>	<p>Provide a general description of Proposer's organization, including:</p> <ul style="list-style-type: none"> <li>a) Primary line(s) of business.</li> <li>b) Description of experience in primary line(s) of business.</li> <li>c) Number of employees.</li> <li>d) Number of audit staff employees.</li> <li>e) Number of governmental audit staff employees.</li> <li>f) Location of the office from which Key Staff will perform work on this engagement.</li> <li>g) Location of Proposer's headquarters and information technology support.</li> </ul>
<p><b>6.1.3</b></p>	<p>Describe Proposer's corporate or other business entity structure, including the state of incorporation or formation and list any controlling stockholders, officers, directors, general partners, members, managers, etc.</p> <ul style="list-style-type: none"> <li>a) Attach an organizational chart (including any part of the organization associated with the Services you are proposing to provide) showing principal officers, directors, general partners, members, etc. and Key Staff who will be associated with providing Services. Highlight the Key Staff for each program the Proposer is proposing to audit.</li> <li>b) Indicate what year the Proposer's organization was established.</li> <li>c) If the Proposer is a subsidiary or affiliate of another company, name the affiliate or parent.</li> <li>d) Provide full disclosure of any direct or indirect ownership or control by any administrative service agency and/or financial institution and describe the relationship fully.</li> </ul>
<p><b>6.1.4</b></p>	<p>Verify that no Subcontractors will be providing Services under your Proposal or provide the same information in 6.1.2 and 6.1.3 for any Subcontractors that may be used to provide Services as part of the Proposal. Provide the name and location of each Subcontractor and the Services for which they may be contracted.</p>

<b>6.1.5</b>	<p>Provide confirmation of an established quality assurance and improvement program and evidence that an external quality assessment has been performed at least once in the past three years, or indicate if currently under contract to have one performed.</p> <p>Furnish a copy of the Proposer’s most recent external quality assessment report and a statement regarding whether that external quality assessment included a review of specific government engagements. If applicable, the Proposer must also include a copy of the letter of observations.</p>
<b>6.1.6</b>	<p>Provide a list of the largest three (3) auditing engagements for which Proposer currently provides audit services, relevant to the audit(s) for which Proposer is submitting a Proposal. Indicate whether any of these engagements were for government entities. Address the following:</p> <ul style="list-style-type: none"> <li>a) Employer name.</li> <li>b) Type of service provided (audit, attestation or consulting, etc).</li> <li>c) Indicate the scope of work, date, engagement partners, total hours, sample size, and the location of the Proposer’s office from which the engagement was performed.</li> <li>d) Describe methodologies used to evaluate controls, processes and systems.</li> <li>e) Provide the name and telephone number of the principal client contact.</li> <li>f) List the number of years audit services were provided for each engagement.</li> <li>g) Where applicable, describe the process to obtain audit information from multiple systems or data sources.</li> <li>h) Where applicable, describe the population of enrollments for any benefit plans that the auditing services covered.</li> </ul>
<b>6.1.7</b>	<p>Provide information about the availability of legal/compliance and technical staff available for consultation, opinions, and/or guidance as needed.</p>
<b>6.1.8</b>	<p>Provide a statement as to the extent to which Proposer can perform the proposed services using only present staff and computer equipment/software/technology, and the extent to which additional resources will be needed and how that will be addressed.</p>
<b>6.1.9</b>	<p>Describe any acquisitions and/or mergers or other material developments (e.g., changes in ownership, personnel, business, etc.) pending now or that occurred in the past five (5) years. Disclose any potential mergers or acquisitions that have been discussed by senior officials and could take place within the next three (3) years after the Contract start date.</p>
<b>6.1.10</b>	<p>Submit Proposer’s audited financial statements for the two (2) most recent fiscal years including the audit opinion, balance sheet, statement of operations, and notes to the financial statements.</p>
<b>6.1.11</b>	<p>Provide details of any pertinent judgment, criminal conviction, investigation, or litigation pending against your organization, related entities, principals or officers during the past five (5) calendar years, whether directly related to the audit services requested through this RFP or otherwise.</p> <ul style="list-style-type: none"> <li>a) Has Proposer been subject to any litigation alleging breach of contract, fraud, breach of fiduciary duty, or other willful or negligent misconduct? If so, provide details including dates and outcomes. The Department reserves the right to reject a response based on this information.</li> </ul>

	b) Provide certification that Proposer has not been in bankruptcy and/or receivership within the last five (5) calendar years.
<b>6.1.12</b>	Submit information regarding past contract performance. Include specific detailed information regarding the following: <ul style="list-style-type: none"> <li>a) All situations where the Proposer has defaulted on a contract.</li> <li>b) All litigation regarding audit contracts.</li> <li>c) All situations where a contract has been canceled or where a contract was not renewed due to alleged fault on the part of Proposer.</li> </ul>
<b>6.1.13</b>	Provide proof or evidence, such as a current certificate of authority, that Proposer complies with all applicable State and federal registration and licensing requirements for providing services in the State of Wisconsin.
<b>6.1.14</b>	Describe any and all contracts currently held with State of Wisconsin agencies, local units of government (in Wisconsin) and related public authorities or entities. Identify the entity, describe the services provided, and include a statement why each relationship does not constitute a conflict of interest relative to performing the proposed contract compliance audits for the Department.
<b>6.1.15</b>	Describe the problem resolution process in the event an issue arises that requires escalation beyond the Key Staff. <ul style="list-style-type: none"> <li>a) Outline the problem resolution process including escalation steps.</li> <li>b) Name the title(s)/individual(s) with problem resolution authority.</li> </ul>

**6.2 SECURITY OF DATA**

<b>6.2.1</b>	Provide both Proposer’s disaster recovery plan and Incident Response Plan (IRP).
<b>6.2.2</b>	Describe all incidents in the last five (5) years in which Proposer experienced an unauthorized disclosure of confidential personal data while the data was within its control or a Subcontractor’s control. Describe all efforts undertaken by the Proposer’s organization to mitigate the effects of the disclosure and to prevent future disclosures.
<b>6.2.3</b>	Describe what software applications and supporting platform Proposer uses to secure ETF and member related records and data. Provide information on how secured documentation is sent within the Proposer’s network.
<b>6.2.4</b>	Describe security procedures, specifically how sensitive data (PII, PHI) that you may come across during the audit process will be handled.
<b>6.2.5</b>	Describe Proposer’s processes currently in place to prevent Department data loss from your systems as part of the audit.
<b>6.2.6</b>	Describe how Proposer ensures any Department data will not be stored once audit is completed.

## Appendix 4

# TECHNICAL QUESTIONNAIRE

**Use for: Compliance Audit Services for,**

[ETH0039 – IRC Section 125 Cafeteria Plan and Employee Reimbursement Accounts Program](#)

[ETH0040 – Health Savings Accounts Program](#)

[ETH0041 – Commuter Fringe Benefit Accounts Program](#)

[ETH0042 – Pharmacy Benefit Program](#)

[ETH0043 – Income Continuation Insurance Program](#)

[ETH0044 – Life Insurance Program](#)

[ETH0045 – Uniform Dental Insurance Program](#)

[ETH0046 – Wellness and Disease Management Program](#)

[ETH0047 – Data Warehouse and Visual Business Intelligence Services](#)

[ETH0048 – Wisconsin Deferred Compensation Program](#)

**This Technical Questionnaire section is scored. (500 total points)**

The purpose of this section is to provide the Department with a basis for determining the Proposer's capability to undertake the Contract.

**Proposer should complete the section(s) of Appendix 4 – Technical Questionnaire below that relate(s) to each of the programs Proposer is proposing to audit.** It is intended that Proposer provide responses specific to the program and audit requirements described in the corresponding Appendix (5-14). There is a distinct Technical Questionnaire set of questions required **FOR EACH** of the ten RFPs ETH0039-ETH0048. For example, if Proposer is applying to audit Life and Dental, complete 7.16.1 – 7.18.7 and 7.19.1 – 7.21.7 after considering the information provided in Appendix 10 and 11, respectively. Control click on each of the RFP headings above to be brought to the appropriate Technical Questionnaire.

All Proposers must respond to the following by restating the identifying number of each question (for example, 7.1.1), restating each question or statement, and providing a detailed written response. The Proposal, at a minimum, must address the items listed below and be organized and labeled in the order indicated below. Instructions for formatting the written response to this section are found in Section 2.4 Proposal Organization and Format of the RFP.

The Proposer must be able to perform Services according to the requirements contained in this RFP.

Information described in the Proposal response regarding programming and capabilities must be available to all eligible Participants unless otherwise noted in the Proposal.

The Proposer must provide sufficient detail for the evaluation committee and the Department to understand how the Proposer will comply with each requirement. If the Proposer believes their

qualifications go beyond the minimum requirements or add value, the Proposer should indicate those capabilities in each section. **Associated costs should ONLY be listed in Form H - Cost Proposal Workbook. Do not include cost/pricing information in any other section of the Proposal.**

This section addresses the functions and services that must be provided regarding the applicable contract compliance or agreed upon procedures (AUP) audit. The Proposer will determine if the TPA is using good business practices, has sufficient internal controls, and is administering the program in compliance with the contract and any other applicable statutes, rules and regulations.



## 7.1 AUDIT APPROACH WORK PLAN RFP ETH0039

7.1.1	<p>RFP ETH0039 - IRC Section 125 Cafeteria Plan and Employee Reimbursement Accounts Program</p> <p>Proposer's name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.1.2	<p>Acknowledge Proposer's understanding that the ERA TPA vendor and/or ERA TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.1.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA's internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer's strategy regarding any on-site auditing at the TPA's location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

7.1.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 5, Section 2.1 Contract Compliance Audit Requirements.
7.1.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.2 STAFF QUALIFICATIONS RFP ETH0039

7.2.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration;</li> <li>f) Experience auditing relevant industry, IRC Section 125 Cafeteria Plan and Employee Reimbursement Accounts.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.3 REPORTS AND OTHER DELIVERABLES RFP ETH0039

7.3.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible</li> </ul>
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	noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.
<b>7.3.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.3.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 5, Section 2.2 Frequency and Due Dates.
<b>7.3.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
<b>7.3.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.3.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.3.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

## 7.4 AUDIT APPROACH WORK PLAN RFP ETH0040

7.4.1	<p>RFP ETH0040 – Health Savings Accounts Program</p> <p>Proposer's name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.4.2	<p>Acknowledge Proposer's understanding that the HSA TPA vendor and/or HSA TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.4.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA's internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer's strategy regarding any on-site auditing at the TPA's location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

7.4.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 6, Section 2.1 Contract Compliance Audit Requirements.
7.4.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.5 STAFF QUALIFICATIONS RFP ETH0040

7.5.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration.</li> <li>f) Experience auditing relevant industry, Health Savings Accounts.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.6 REPORTS AND OTHER DELIVERABLES RFP ETH0040

7.6.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible</li> </ul>
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	noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.
<b>7.6.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.6.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 6, Section 2.2 Frequency and Due Dates.
<b>7.6.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
<b>7.6.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.6.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.6.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

## 7.7 AUDIT APPROACH WORK PLAN RFP ETH0041

7.7.1	<p>RFP ETH0041 – Commuter Fringe Benefit Accounts Program</p> <p>Proposer’s name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.7.2	<p>Acknowledge Proposer’s understanding that the Commuter TPA vendor and/or Commuter TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.7.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA’s internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer’s strategy regarding any on-site auditing at the TPA’s location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

7.7.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 7, Section 2.1 Contract Compliance Audit Requirements.
7.7.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.8 STAFF QUALIFICATIONS RFP ETH0041

7.8.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration.</li> <li>f) Experience auditing relevant industry, Commuter Fringe Benefits Accounts.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.9 REPORTS AND OTHER DELIVERABLES RFP ETH0041

7.9.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible</li> </ul>
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	noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.
<b>7.9.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.9.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 7, Section 2.2 Frequency and Due Dates.
<b>7.9.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
<b>7.9.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.9.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.9.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

## 7.10 AUDIT APPROACH WORK PLAN RFP ETH0042

7.10.1	<p>RFP ETH0042 – Pharmacy Benefit Program</p> <p>Proposer’s name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.10.2	<p>Acknowledge Proposer’s understanding that the PBM TPA vendor and/or PBM TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.10.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA’s internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer’s strategy regarding any on-site auditing at the TPA’s location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

7.10.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 8, Section 2.1 Contract Compliance Audit Requirements.
7.10.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.11 STAFF QUALIFICATIONS RFP ETH0042

7.11.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration.</li> <li>f) Experience auditing relevant industry, Pharmacy Benefits.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.12 REPORTS AND OTHER DELIVERABLES RFP ETH0042

7.12.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible</li> </ul>
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	noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.
<b>7.12.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.12.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 8, Section 2.2 Frequency and Due Dates.
<b>7.12.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
<b>7.12.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.12.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.12.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

## 7.13 AUDIT APPROACH WORK PLAN RFP ETH0043

7.13.1	<p>RFP ETH0043 – Income Continuation Insurance Program</p> <p>Proposer’s name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.13.2	<p>Acknowledge Proposer’s understanding that the ICI TPA vendor and/or ICI TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.13.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA’s internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer’s strategy regarding any on-site auditing at the TPA’s location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

7.13.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 9, Section 2.1 Contract Compliance Audit Requirements.
7.13.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.14 STAFF QUALIFICATIONS RFP ETH0043

7.14.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration.</li> <li>f) Experience auditing relevant industry, Income Continuation Insurance.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.15 REPORTS AND OTHER DELIVERABLES RFP ETH0043

7.15.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible</li> </ul>
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	noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.
<b>7.15.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.15.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 9, Section 2.2 Frequency and Due Dates.
<b>7.15.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
<b>7.15.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.15.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.15.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

## 7.16 AUDIT APPROACH WORK PLAN RFP ETH0044

7.16.1	<p>RFP ETH0044 – Life Insurance Program</p> <p>Proposer’s name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.16.2	<p>Acknowledge Proposer’s understanding that the Life TPA vendor and/or Life TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.16.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA’s internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer’s strategy regarding any on-site auditing at the TPA’s location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>



7.16.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 10, Section 2.1 Contract Compliance Audit Requirements.
7.16.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.17 STAFF QUALIFICATIONS RFP ETH0044

7.17.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration.</li> <li>f) Experience auditing relevant industry, Life Insurance.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.18 REPORTS AND OTHER DELIVERABLES RFP ETH0044

7.18.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible</li> </ul>
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	noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.
<b>7.18.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.18.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 10, Section 2.2 Frequency and Due Dates.
<b>7.18.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
<b>7.18.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.18.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.18.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

## 7.19 AUDIT APPROACH WORK PLAN RFP ETH0045

7.19.1	<p>RFP ETH0045 – Uniform Dental Insurance Program</p> <p>Proposer’s name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.19.2	<p>Acknowledge Proposer’s understanding that the Dental TPA vendor and/or Dental TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.19.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA’s internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer’s strategy regarding any on-site auditing at the TPA’s location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

7.19.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 11, Section 2.1 Contract Compliance Audit Requirements.
7.19.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.20 STAFF QUALIFICATIONS RFP ETH0045

7.20.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration.</li> <li>f) Experience auditing relevant industry, dental.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.21 REPORTS AND OTHER DELIVERABLES RFP ETH0045

7.21.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible</li> </ul>
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	noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.
<b>7.21.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.21.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 11, Section 2.2 Frequency and Due Dates.
<b>7.21.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report
<b>7.21.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.21.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.21.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

## 7.22 AUDIT APPROACH WORK PLAN RFP ETH0046

7.22.1	<p>RFP ETH0046 – Wellness and Disease Management Program</p> <p>Proposer's name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.22.2	<p>Acknowledge Proposer's understanding that the Wellness TPA vendor and/or Wellness TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.22.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA's internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer's strategy regarding any on-site auditing at the TPA's location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

7.22.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 12, Section 2.1 Program Overview and Audit Requirements.
7.22.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.23 STAFF QUALIFICATIONS RFP ETH0046

7.23.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration.</li> <li>f) Experience auditing in relevant industry, Wellness and Disease Management.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.24 REPORTS AND OTHER DELIVERABLES RFP ETH0046

7.24.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible</li> </ul>
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	noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.
<b>7.24.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.24.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 12, Section 2.2 Frequency and Due Dates.
<b>7.24.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
<b>7.24.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.24.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.24.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.



## 7.25 AUDIT APPROACH WORK PLAN RFP ETH0047

7.25.1	<p>RFP ETH0047 – Data Warehouse and Visual Business Intelligence Services</p> <p>Proposer's name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.25.2	<p>Acknowledge Proposer's understanding that the DW/VBI vendor and/or DW/VBI contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.25.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the DW/VBI vendor's internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or DW/VBI vendor;</li> <li>k) Describe Proposer's strategy regarding any on-site auditing at the DW/VBI vendor's location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

<b>7.25.4</b>	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 13, Section 2.1 Contract Compliance Audit Requirements.
<b>7.25.5</b>	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

## 7.26 STAFF QUALIFICATIONS RFP ETH0047

<b>7.26.1</b>	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience as a lead auditor for a large contract.</li> <li>f) Experience in auditing relevant industry, data warehouses.</li> <li>g) Tenure with the organization.</li> <li>h) Relevant training, including continuing professional education for the past three (3) years.</li> <li>i) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>j) Any disciplinary action or inquiry in the past five (5) years.</li> <li>k) Detailed description of large and/or complex audits currently being managed.</li> <li>l) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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## 7.27 REPORTS AND OTHER DELIVERABLES RFP ETH0047

<b>7.27.1</b>	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.</li> </ul>
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7.27.2	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
7.27.3	Verify Proposer can meet the timelines for report submission as provided in Appendix 13, Section 2.2 Frequency and Due Dates.
7.27.4	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
7.27.5	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
7.27.6	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
7.27.7	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

**7.28 DATA WAREHOUSE AUDITS RFP ETH0047**

7.28.1	Indicate why you believe your organization has the experience and technical expertise to perform the scope of services described in Section 2.1 of the Program Overview of Appendix 13.
7.28.2	Describe your organization’s experience auditing data warehouse vendors in the last five years. Identify how many clients, the types of data sources included, the size of the data warehouse, and whether it was hosted by a third-party or by the client.
7.28.3	Identify the challenges of auditing vendors providing a data warehouse as a commercial-off-the-shelf product and how you address those challenges.
7.28.4	Identify the five most common findings when auditing data warehouse and business intelligence vendors and your organization’s typical recommendations.

<b>7.28.5</b>	Identify specific areas of concern you would recommend an audit plan focus. Indicate if there are particular concerns to take into consideration because the data includes healthcare claims and wellness data.
<b>7.28.6</b>	Describe the specific audit techniques your organization would use to audit a DW vendor's ability to maintain high data quality standards for validity, consistency, completeness, and accuracy.
<b>7.28.7</b>	The DW/BI solution includes submitted and derived data. Describe any differences in the approach your organization would take to audit submitted versus derived data. Indicate how this would affect your findings and/or recommendations.
<b>7.28.8</b>	Indicate how you would propose including the data submitting entities in the audit plan.
<b>7.28.9</b>	Identify your approach to assessing the overall level of risk to the GHIP/WPE in relying on the vendor's DW/VBI tools for decision-making and determining whether risks are appropriately controlled.
<b>7.28.10</b>	Indicate your willingness to review the work of other third-party auditors in your review.
<b>7.28.11</b>	If a vendor is already having regular SOC2, Type 2 audits completed with no findings, indicate if there are other areas of security you would recommend including within the scope of a separate audit.

## 7.29 AUDIT APPROACH WORK PLAN RFP ETH0048

7.29.1	<p>RFP ETH0048 – Wisconsin Deferred Compensation Program</p> <p>Proposer's name, _____</p> <p><b><u>Note: You are answering this questionnaire SEPARATELY for each Program</u></b> Proposer is proposing to audit.</p>
7.29.2	<p>Acknowledge Proposer's understanding that the DC TPA vendor and/or DC TPA contract is subject to change as is the Statement of Work for each Audit Cycle.</p>
7.29.3	<p>Provide a work plan to perform the services requested in this RFP, including an explanation of the audit methodology to be followed. In developing the work plan, please include a breakdown of major segments of the audit and hours for each team member.</p> <p>At a minimum, the Proposer must provide the following information on their audit approach:</p> <ul style="list-style-type: none"> <li>a) Level of staff and number of hours to be assigned to each proposed segment;</li> <li>b) Approach to be taken to gain and document an understanding of the individual benefit program and the TPA's internal control structure as it relates to each program;</li> <li>c) Describe planned use of audit software programs;</li> <li>d) Type and extent of analytical procedures to be used;</li> <li>e) Approach to assessing the overall level of risk in program administration and determine whether risks are appropriately controlled;</li> <li>f) Approach to be taken in drawing audit samples for the purpose of testing compliance;</li> <li>g) Sample sizes and the extent to which statistical sampling is to be used;</li> <li>h) Approach to be taken to determine laws and regulations that will be subject to audit test work;</li> <li>i) Approach to be taken to resolve any audit difficulties (please identify and describe any anticipated audit difficulties);</li> <li>j) Any special assistance needed to complete an audit that may be requested from the Department or TPA;</li> <li>k) Describe Proposer's strategy regarding any on-site auditing at the TPA's location or at the Department. Provide detail regarding the expected duration of an on-site review. Differentiate between on-site and off-site audit functions and provide recommendation on time spent on each.</li> </ul>

7.29.4	Indicate the type of audit to be performed to meet the audit requirements, such as contract compliance or agreed upon procedures audit. For some Programs the type of audit is indicated in Appendix 14, Section 2.1 Contract Compliance Audit Requirements.
7.29.5	Provide a statement confirming the Proposer's information technology systems are sufficient to handle transacting large data sets. Proposer must state limitations on their information technology systems.

### 7.30 STAFF QUALIFICATIONS RFP ETH0048

7.30.1	<p>Identify Key Staff for which a proposal is being submitted, and include:</p> <ul style="list-style-type: none"> <li>a) Key Staff name(s), level or job title, number assigned to audit, and location (city, state).</li> <li>b) Current registration and/or licensing to practice in Wisconsin.</li> <li>c) Qualifications including CPA.</li> <li>d) Government audit experience.</li> <li>e) Experience auditing benefit program administration.</li> <li>f) Experience in auditing relevant industry.</li> <li>g) Experience as a lead auditor for a large contract.</li> <li>h) Tenure with the organization.</li> <li>i) Relevant training, including continuing professional education for the past three (3) years.</li> <li>j) Membership in professional organizations relevant to the performance of a contract compliance audit.</li> <li>k) Any disciplinary action or inquiry in the past five (5) years.</li> <li>l) Detailed description of large and/or complex audits currently being managed.</li> <li>m) Number of other accounts and their size which they will oversee when also assigned to manage the Department audits.</li> </ul>
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### 7.31 REPORTS AND OTHER DELIVERABLES RFP ETH0048

7.31.1	<p>Provide the auditor's approach for developing and finalizing the following documents and reports that will be submitted to the Department during or upon completion of the audit:</p> <ul style="list-style-type: none"> <li>a) Draft audit report that will demonstrate there has been supervisory and technical review before it is submitted to the Department.</li> <li>b) Final audit report, including an Executive Summary commenting on strengths and material weaknesses in internal control and identifying possible noncompliance with appropriate recommendations for improvement, to be submitted in both a paper and electronic format.</li> </ul>
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<b>7.31.2</b>	Provide at least one prior issued contract compliance audit report or agreed upon procedures audit report illustrating the Proposer’s ability to provide a professional final report based on the audit approach being proposed.
<b>7.31.3</b>	Verify Proposer can meet the timelines for report submission as provided in Appendix 14, Section 2.2 Frequency and Due Dates.
<b>7.31.4</b>	Verify Proposer will provide the Department Program Manager, for each year that a contract compliance audit is scheduled, an estimated timetable of the audit schedule that will include dates, interim work, field work, and a list of all information needed to complete the audit and audit report.
<b>7.31.5</b>	Describe how the Proposer will ensure that the Department is informed in a timely manner of: <ul style="list-style-type: none"> <li>a) The auditor’s responsibility under generally accepted auditing standards;</li> <li>b) Significant audit findings and recommendations; and</li> <li>c) Difficulties encountered in performing the audit.</li> </ul>
<b>7.31.6</b>	Verify Proposer will, upon request, be available to facilitate and attend all the following conferences: <ul style="list-style-type: none"> <li>a) Entrance conference with the Department and Key Staff.</li> <li>b) Progress conference (if needed) with the Department.</li> <li>c) Exit conference with the Department and Key Staff. The purpose of this meeting will be to summarize the results of the fieldwork and to review significant findings.</li> </ul>
<b>7.31.7</b>	Verify Proposer will, upon request, be available to consult or present audit report findings at the Boards’ periodic meetings. Board meetings are held in Madison, Wisconsin and generally last less than one day.

**Appendix 5**  
**PROGRAM OVERVIEW AND AUDIT REQUIREMENTS**  
**IRC SECTION 125 CAFETERIA PLAN AND EMPLOYEE**  
**REIMBURSEMENT ACCOUNTS**  
**ETH0039**

## **1 PROGRAM OVERVIEW**

### **1.1 CURRENT STATE AND BACKGROUND**

As established in accordance with Internal Revenue Code Section 125, the State of Wisconsin (State) “Cafeteria Plan” provides employees with the option to designate pre-tax dollars to pay for certain qualified benefits. The Employee Reimbursement Account (ERA) program is an optional benefit program established for eligible State and University Employees. The ERA program consists of the Health Care Flexible Spending Account (FSA), Limited Purpose FSA and Dependent Day Care FSA as authorized under Sections 125, 105, and 129 of the Internal Revenue Code and Wisconsin Statutes 40.85-40.875.

The State of Wisconsin offers the Cafeteria Plan which allows an employee to contribute certain limit amounts of their gross income to a designated account and can be used to reimburse the employee for certain types of insurance premiums, such as health medical expenses, dental, vision, dependent day care expenses throughout the plan year.

The ERA program offers State and University Employees the ability to elect pre-tax deductions for qualified health care and dependent day care expenses. The program currently offers debit card access to funds, direct pay to providers, and reimbursement of expenses.

The oversight authority for the ERA program rests with the Group Insurance Board (Board). The Program is administered on behalf of the Board by the Department of Employee Trust Funds (Department). The Third-Party Administrator of the IRC Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA TPA) is responsible for enrollment services, including the development, production, and distribution of all enrollment materials, online and paper enrollment processing, program communication to employees and employers, as well as claims processing, reimbursements, reporting, and customer service to members.

#### **1.1.1 Program Administration**

The current ERA TPA is Total Administrative Services Corporation (TASC) and they are contracted with the Department through the end of December 31, 2018. See ETE0002 Current ERA TPA Contract <https://etfonline.wi.gov/etf/internet/RFP/era2014/index.html>.

The Department released a Request for Proposal (RFP) for the Section 125 Cafeteria Plan and ERA program in June 2018 for services in plan year 2020, effective January 1, 2020. See ERA RFP ETH0053 – Third Party Administration of Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA) [https://etfonline.wi.gov/etf/internet/RFP/HSA-ERA-Fringe/RFP\\_ETH0052-54CombinedDocs.pdf](https://etfonline.wi.gov/etf/internet/RFP/HSA-ERA-Fringe/RFP_ETH0052-54CombinedDocs.pdf).



The Proposer of this Contract Compliance Auditor Contract will provide the Department auditing reports, which will be further defined in the Statement of Work (to be developed after an auditor has been selected), on the following specifications:

- review effectiveness of the contractual agreements between parties to identify contract risk;
- scrutinize invoices and line item billing detail;
- analyze the systematic processes to understand internal controls and/or process breakdowns;
- identify areas of contract, law, rule and policy non-compliance;
- quantify accurately the amount of billing errors, either overcharges or undercharges due to non-compliance issues; and
- recommend possible changes in operation or contract management that would correct any compliance issues.

The Department will determine the auditing scope in the Statement of Work which ensures ERA TPA Contract compliance.

Areas of focus may include: contract compliance, internal controls, record-keeping and accounting. To assist the Proposer on what has been audited in the past, see 2017 report on contract compliance for the ERA program <http://etf.wi.gov/boards/agenda-items-2017/qib1115/item4b.pdf>.

### 1.1.2 Additional Background Information

Table 1 (below) provides links to additional background information that may assist the Proposer in completing a response.

**Table 1. Additional Background Information**

Title	Web Address
TASC Online Landing Page for the State of Wisconsin	<a href="https://partners.tasconline.com/ETFEmployee">https://partners.tasconline.com/ETFEmployee</a>
<a href="#">State Employer Organizational Relationship Chart</a> (hyperlink)	

## 1.2 CONTRACT COMPLIANCE

In addition to the ERA TPA's compliance with the ERA TPA Contract, Department processes, including operational process with the payroll centers and timely submission of annual reports, may be the subject of an audit.

The following areas may be included in a contract compliance audit:

- Contract adherence
- Performance standards and guarantees
- IRS regulation and plan rules adherence

The audit results should ensure that the ERA TPA is in compliance with the ERA TPA Contract and IRS Regulations, and all applicable federal and State laws, rules, regulations, and policies.

### 1.2.1 Contract Adherence

The ERA TPA must adhere to all terms and conditions in the ERA TPA Contract. There shall be no discrimination against any employees or applicants for employment or benefit enrollment eligibility. The ERA TPA also performs non-discrimination testing of the Cafeteria Plan to prevent discrimination in favor of highly compensated employees (HCE) towards eligibility, contributions, or benefits coverage. A history of the ERA TPA Contract terms is listed below.

**Table 2. ERA Contract Terms and Period**

Contract Terms	Contract Period
<b>Original Contract Term</b>	October 1, 2014 - December 31, 2016
<b>First Extension</b> <i>(Approved March 24, 2016)</i>	January 1, 2017 – December 31, 2017
<b>Second Extension</b> <i>(Approved March 23, 2017)</i>	January 1, 2018 – December 31, 2018
<b>Third Extension</b> <i>(Approved February 21, 2018)</i>	January 1, 2019 – December 31, 2019

For full review of current ERA TPA Contract with the Department, see ERA TPA Contract linked above in 1.1.1 Program Administration.

### 1.2.2 Performance Standards and Guarantees

Performance standards and guarantee reports are submitted on a monthly, quarterly, and yearly basis to the Department. Details are outlined in the [2018 Contract Renewal Exhibit A – Attachment 1](#). The underlying data should generate in depth comprehensive summary of general areas as follows.

- Customer Service
- Claims
- Contributions
- Open Enrollment
- Plan Documents
- Reports
- Disaster Recovery
- Report FSA Files
- Report Enrollments
- Report Cards Ordered

- Call Summary

Reports on performance should include trending analysis to the Department for review and determining future improvements to the general areas. An examination of the reports will measure goals that have been achieved and results that did not meet requirements.

### 1.2.3 IRS Regulation and Plan Rules Adherence

The ERA program consists of the Health Care Flexible Spending Account (FSA), Limited Purpose FSA and Dependent Day Care FSA as authorized under:

- [Internal Revenue Code \(IRC\) Section 125](#);
- [Internal Revenue Code \(IRC\) Section 105](#);
- [Internal Revenue Code \(IRC\) Section 129](#); and
- [Wis. Stats. § 40.85-40.875](#).

Employee contributions taken as pre-tax are exempt from federal, state, and Federal Insurance Contributions Act (FICA) taxes. Contributions taken as post-tax are not exempt from a Participant's net gross income wages and will be taxable for the fiscal tax year.

Rules under Federal guidelines must be enforced across all Participants and sustain compliance under Federal laws. Violations of rules and regulations can result in disciplinary measures or fines to the ERA TPA.

## 1.3 INTERNAL CONTROLS

The Department expects the ERA TPA to have secure and stabilized internal and external controls within their operational works and across internal functional teams. This includes controls internally and externally outside of the ERA TPA's organization.

The audit may include a review of operational process for the following internal controls.

- Logical access
- Privacy policy and practices
- Data security
- System and card functionality

The audit results should provide levels of integrity in the system and make sure internal operation control is reliable and secure in accordance with the [Health Insurance Portability and Accountability Act](#) (HIPAA) Rules and Enforcement Rules at 45 Code of Federal Regulations (CFR) Part 160 and Part 164.

### 1.3.1 Logical Access

The system platform that is utilized for the benefit program processing participant requests needs to be secured, including application access, access changes, and computer equipment set-up. System access level for every ERA TPA employee will be based upon their job roles/needs. Access levels should be established based on job responsibilities with the lowest level of access granted in order to perform job duties. Access for new users or modifications to existing user's access is requested and approved in accordance with established policies and procedures.

Termination of employee access and accounts needs to be handled timely to prevent data breach from occurring to safeguard data information, contributions, and privacy. A review of all access will be performed on an annual basis to determine if access is appropriate to perform job responsibilities.

### **1.3.2 Privacy policy and practices**

The ERA TPA will have properly documented policies and procedures in place regarding protection of private information. The Department's Privacy Officer will be notified in writing within twenty-four (24) hours after the ERA TPA becomes aware of a suspected breach, impermissible use, or impermissible disclosure. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to the ERA TPA, or, by exercising reasonable diligence, would have been known to the ERA TPA.

### **1.3.3 Data Security**

The ERA TPA should have a plan to protect the Department's Confidential Information and information resources. Protective digital privacy measures shall be applied to prevent unauthorized access to computers, network systems, databases, and the administration portal. Data security also includes protecting data from corruption.

There should be proper backups to system technology and security encryption to secure Personal Identifiable Information. It is also the responsibility of the ERA TPA to ensure that its access does not result in any access by unauthorized individuals to the Department's information resources.

### **1.3.4 System and Card Functionality**

All participants will have a debit card to use at the point-of-purchase. The debit card pays for and automatically substantiates the eligible expense, eliminating the need to submit a reimbursement request. Debit card utilization shall be limited to transactional claims relating to medical expenses.

Debit card functionality uses a Merchant Category Code (MCC) smart enough to know from which purse to pay for expenses based upon the merchant where a Participant is buying the product or service. An MCC is a four-digit numbers that credit card issues to categorize transactions that gets purchased on a credit card. The amount of the expense is automatically deducted from the Participant's available ERA balance and paid directly to the authorized provider at the point of purchase. Card purchases are limited to merchants with an inventory information approval system (IIAS) in place to identify ERA-eligible purchases.

## **1.4 RECORD-KEEPING**

The ERA TPA works with nine (9) separate payroll processing centers to accurately enroll Participants and record enrollments, elections, level of coverage, eligibility, and contributions.

The payroll processing centers deduct Participant contributions from payroll and then report contribution amounts to the ERA TPA and the Department via electronic file transmission. The election files are loaded on the ERA TPA's processing systems and amounts are applied to the Participant's ERA account. Participant contributions that are deducted from payroll are sent via ACH from the payroll processing center to the ERA TPA to properly load funds to the Participant's ERA.

The audit may include the following elements of record-keeping.

- Client setup
- Enrollment and eligibility
- Contributions/Limits
- Carryover
- Forfeitures
- Claims
- Substantiation

Audit results must ensure that a Participant is setup timely and appropriately with enrollment eligibility. Contributions may not be over the limit, and a reconciliation process must be in place to proactively resolve a discrepancy within 18 months of discovery. Any forfeitures from the end of the plan year must be transferred to the Department accurately.

### 1.4.1 Client Set-up

There should be reasonable record-keeping controls provided for the assurance that plan information is entered completed and accurately into the system. This includes Participant setup as enrollment and termination of participant accounts.

The Participant receives a welcome packet via email after their enrollment profile has been created. The welcome email also contains contact information and general log-in information. All new Participants should go through a secondary review by an ERA TPA staff member to ensure appropriate setup has been established including name, address, banking, offering specifics of the plan, demographics and fees. Any errors are tracked and followed up on accordingly.

### 1.4.2 Enrollment and Eligibility

State and UW Employees who are eligible under the Wisconsin Retirement Systems may enroll in the ERA program within thirty (30) days of their hire or eligibility date or during the annual open enrollment period held in the fall prior to each plan year. If an employee does not enroll within 30 days of their hire date or during the annual open enrollment period, they are not eligible to enroll until the next plan year’s open enrollment period. If the employee experiences a qualified life change event, such as a marriage or divorce, birth or adoption of a child, a change in employment status, or another qualified life change event in the middle of an election year, the employee is eligible to enroll if not already enrolled, make changes to their enrollments, and adjust their contributions.

If an employee is eligible and elects to enroll outside of the open enrollment period, the employee is required to complete an enrollment application and submit the application to their Payroll Center.

Approximately 97,500 employees at locations throughout the State are currently eligible to enroll in the ERA program. As of May 2018, there were 24,879 employees enrolled in the ERA program.

**Table 3. ERA Benefit Enrollment Experience**

	2015	2016	2017	2018
<b>Health Care FSA Participation</b>	14,540	17,266	18,570	20,927

<b>Limited Purpose FSA Participation</b>	72	295	275	535
<b>Dependent Day Care FSA</b>	3,028	3,285	3,345	3,417
<b>Total ERA Benefit Participation</b>	17,640	20,846	22,190	24,879

### 1.4.3 Contribution Limits

The Internal Revenue Code sets limits on the amount an employee may contribute into the ERA program. These limits are adjusted each year for inflation. If and when the Internal Revenue Service (IRS) announces a limit change, the Department will review the IRS limit change(s) for plan adoption and work with the ERA TPA to make applicable program changes and communicate the changes to the payroll processing centers and employees.

The total annual Health Care FSA and Limited Purpose FSA contribution election amount is available immediately at the start of the plan year.

The Dependent Day Care FSA program is a money-in money-out benefit. Each pay period, a contribution posts to the Participant's Dependent Day Care FSA account, after which they may submit reimbursement requests for eligible expenses. Dependent Day Care FSA funds are available to a Participant only as contributions occur.

**Table 4. ERA Limit for Employee Contribution**

<b>Annual ERA Limits</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Health Care Flexible-Spending Account Limit</b>	\$2,600	\$2,650	\$2,650
<b>Limited-Purpose FSA Contribution Limit</b>	\$2,600	\$2,650	\$2,650
<b>Dependent Day Care FSA Contribution Limit</b>	\$5,000	\$5,000	\$5,000

The Participant contributions will be deducted in equal amounts from each paycheck, pre-tax, throughout the Plan Year. There are no Employer Contributions for ERA benefit programs.

### 1.4.4 Carryover

In 2015, the State instituted annual program carryover limits with a run-out period for the Health Care FSA and Limited Purpose FSA. The current annual carryover limit is five hundred dollars (\$500). Any unused Health Care FSA or Limited Purpose FSA funds over five hundred dollars (\$500) at the close of the plan year are forfeited back to the program and held in trust by the Department. If an employee terminates their Health Care FSA or Limited Purpose FSA prior to the end of the plan year, any unused funds are forfeited.

**Table 5. ERA Carryover Limit**

<b>Annual Carryover Limits</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Health Care Flexible-Spending Account Carryover</b>	\$500	\$500	\$500
<b>Limited-Purpose FSA Contribution Carryover</b>	\$500	\$500	\$500
<b>Dependent Day Care FSA Contribution Carryover</b>	\$0	\$0	\$0

### **1.4.5 Forfeitures**

Beginning on January 1, 1990, the Department collected forfeitures from employee-funded reimbursement accounts, under the terms of contracts with employee-funded reimbursement account plan providers or with employees as authorized under Sections 125, 105, and 129 of the Internal Revenue Code and Wisconsin Statutes 40.85-40.875. The ERA TPA withholds forfeiture amounts and deposits it to the Department after the end of a fiscal year.

Any contribution amount from a participant by December 31, that does not get carried over to the following year, during the run-out period between January 1 through March 31, is forfeited. After March 31 of each year, these forfeiture balances get deposited with the Department from the ERA TPA. Forfeited amounts do not get restored back into the participant's account under IRS regulations.

### **1.4.6 Claims**

The ERA TPA is responsible for receiving, properly authorizing, and processing reimbursement claims for valid reimbursement expenses, and ensuring that all claims authorized for reimbursement are in compliance with Internal Revenue Code Section 125.

Reimbursement requests can be submitted using a paper form or submitted online. The ERA TPA will process all claims and issue a reimbursement check or electronic funds transfer to Participants within five (5) business days of receipt of a valid and complete reimbursement claim (pending contribution fund availability). The ERA TPA is responsible for resolving all service issues related to reimbursement accounts including check issuance, direct deposit, stop payments, etc.

The total volume of debit card transactions and manual claims from State Participants to the current third-party administrator currently averages 25,330 per month. Any claims that do not get auto-substantiated by the debit card transaction will require the Participant to manually substantiate the claim with proper receipt documentation. Approximately 319,136 debit card transactions and manual claims were processed in 2017.

**Table 6. ERA Benefit Total Claim Experience**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Health Care FSA Total Claims</b>	280,187	270,004	299,951



<b>Limited Purpose FSA Total Claims</b>	560	619	525
<b>Dependent Day Care FSA Total Claims</b>	22,808	18,608	18,660
<b>ERA Benefit Total Claims</b>	303,552	289,231	319,136

The total volume of manual claims from State Participants to the ERA TPA currently averages 6,100 per month. Approximately 65,711 manual claims were processed in 2017. This number includes claims submit via mobile app, online account, fax, or mail.

**Table 7. ERA Benefit Total Manual Claim Experience**

	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Health Care FSA Manual Claims</b>	68,878	46,630	49,027
<b>Limited Purpose FSA Manual Claims</b>	138	219	222
<b>Dependent Day Care FSA Manual Claims</b>	21,277	16,724	16,462
<b>Total ERA Manual Claims</b>	90,293	63,573	65,711

### 1.4.7 Substantiation

Since member income enrolled in the ERA programs is tax-free, claims are subject to IRS regulations. IRS regulations require all ERA debit card transactions be verified as an eligible expense.

Depending on where a Participant tries to use their ERA program debit card, there may be instances where the ERA program debit card transaction will be processed without being verified as an eligible expense at the point-of-sale. In this event, the Participant will receive a notification from the ERA TPA informing them that their ERA program debit card transaction requires substantiation. Substantiation consists of providing documentation, such as an itemized statement, detailed receipt, or an Explanation of Benefits (EOB) to verify that the transaction is an eligible expense according to IRS regulations.

Participants receive substantiation requests in order to:

1. Keep the program compliant with IRS regulations so that eligible expenses remain tax-free.
2. Keep the Participant from having to repay the plan for eligible expenses that were unverified when they used their ERA program debit card.



Claims that are not auto-substantiated are automatically entered into a progressive five-step recovery process.

Five-Step Unsubstantiated Claim Recovery Process:

- Step 1: Substantiation notification
- Step 2: Claim denial and card deactivation
- Step 3. Plan correction payroll withholding
- Step 4: Offset approach
- Step 5: Recovery as other business debt

## **1.5 ACCOUNTING**

The ERA TPA will conduct internal audits of its own departments involved in the oversight of the ERA program in order to validate controls, processes, systems, and accuracy. The ERA TPA maintains accounting records at the plan level, recording all fund transactions between payroll processing centers and the ERA TPA, and at the employee level, recording transactions for each Participant. The ERA TPA will conduct a monthly reconciliation of accounts and send the resulting report to the Department for review.

Focus areas of the contract compliance audit may include any of the proceeding accounting fields.

- Administrative invoicing
- Claims invoicing
- Plan finalization

The audit results should ensure that invoices are accurate and records match consistently between the Department and ERA TPA. Accounting procedures should be followed thoroughly to maintain account receivables, account payables, and account balances.

### **1.5.1 Administrative Invoicing**

TPA invoices for services to the Department will occur forty-five (45) days prior to the service period and are due prior to the first date of service being billed. The Department agrees to provide the ERA TPA payment via ACH payment. The ERA TPA is required to submit reports to the Department to allow adequate program monitoring. TPA invoices should include the following elements.

- Invoice number
- Invoice date
- Payment due date
- Service period
- Total balance due

The detailed invoicing and reporting may include: master invoice, claims invoice, administrative fee invoice, enrollment, enrollment discrepancy, contribution, contribution discrepancy, reimbursement, repayment, plan finalization, forfeiture, substantiation, stale date checks, account balance, claim history, debit card status, employer funding, etc.

## 1.5.2 Claims Invoicing

The ERA TPA will process all ERA claims and issue a reimbursement check or electronic funds transfer to program Participants within five (5) business days of receipt of a valid and complete reimbursement claim. The ERA TPA is responsible for resolving all service issues related to reimbursement accounts including check issuance, direct deposit, stop payments, etc. Claims invoicing will have proper turnaround with time and accuracy.

## 1.5.3 Plan Finalization

Each year the ERA TPA provides the Department a report on the Annual Plan Finalization that documents election, deposits, rollovers, adjustments, reimbursements, refunds, and cash balances. All claims for processing of the prior year should be finalized by the ninety (90) day run-out period on March 31<sup>st</sup>. The ERA TPA will provide a preliminary audit report and correct all discrepancies by April 30<sup>th</sup> for a final reporting on May 31<sup>st</sup>.

# 2 AUDIT REQUIREMENTS

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the contract compliance or agreed upon procedures (AUP) audit of the ERA TPA's level of performance and compliance with the requirements of the [ERA TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor's examination and review of activities performed during the audit period.

## 2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS

The Proposer will be responsible for determining whether the requirements of the ERA TPA Contract have been met by the ERA TPA. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

1. Internal controls
2. Logical access
3. Client setup
4. Participant record-keeping
5. Documentations for processing
6. Banking activities/transaction
7. Change in status procedures
8. Participant enrollment and account changes
9. Enrollment and participant data
10. Billings for claims payments
11. Transition between systems
12. Claims substantiation and payments
13. Payments of disbursements and adjustments
14. Forfeitures
15. Reporting

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

## **2.2 FREQUENCY AND DUE DATES**

The ERA TPA audit frequency is currently biennial (every two years). The initial audit is tentatively scheduled to start in the second quarter of 2019 and will cover plan years 2017-2018. An audit of plan year 2019-2020 is tentatively scheduled to start in second quarter of 2021.

## **2.3 LOCATIONS**

The current ERA TPA maintains an office in Wisconsin to serve as an information and troubleshooting resource for the Department, State agencies, and Participants. The ERA TPA provides support staff on-site at the Department's location twenty-four (24) hours per week or as needed. The audits may require review on the ERA TPA's premises and/or at the Department at a time mutually agreeable to the ERA TPA, auditor, and the Department.

**Appendix 6**  
**PROGRAM OVERVIEW and AUDIT REQUIREMENTS**  
**HEALTH SAVINGS ACCOUNTS**  
**ETH0040**

## **1 PROGRAM OVERVIEW**

### **1.1 CURRENT STATE AND BACKGROUND**

The State of Wisconsin (“State”) instituted a High Deductible Health Plan (HDHP) and Health Savings Account (HSA) benefit offering in 2015. The HSA program is a benefit program established for eligible State employees and Retirees. The HSA program is authorized under Section 125 and 223 of the Internal Revenue Code and Wisconsin Statutes [40.515](#). Under Wisconsin Statute 40.515 for State employees, the It’s Your Choice (IYC) High Deductible Health Plan (HDHP) requires dual enrollment with a State sponsored HSA benefit option, and vice versa. Due to the dual enrollment requirement under Wisconsin Statute(s) and Internal Revenue Service (IRS) “other health coverage” rule, a State employee with “other health coverage” is not eligible for the State dual HDHP and HSA benefit option.

The HSA program offers State employees the ability to elect pre-tax deductions for qualified health care expenses. The HSA program currently offers debit card access to funds, direct pay to providers, and reimbursement of expenses.

The oversight authority for the program rests with the Group Insurance Board (Board). The Program is administered on behalf of the Board by the Department of Employee Trust Funds (Department). The Third-Party Administrator (TPA) of the Health Savings Accounts (HSA TPA) is responsible for enrollment services, including development, production, and distribution of all enrollment materials, online and paper enrollment processing, program communication to employees, Retirees, and Employers, as well as claims processing and reimbursement services.

#### **1.1.1 Program Administration**

The current HSA TPA Contractor for the HSA program is Total Administrative Services Corporation (TASC) and they are contracted with the Department through the end of December 31, 2018. See ETE0003 Current HSA TPA Contract

<https://etfonline.wi.gov/etf/internet/RFP/HSA2014/index.html>

The Department released a Request for Proposal (RFP) for the HSA program in June 2018 and may potentially expect a new HSA TPA for the plan year 2020, effective January 1, 2020. For additional information on the HSA RFP ETH0052 – Third Party Administration of Health Savings Accounts (HSA), please see [https://etfonline.wi.gov/etf/internet/RFP/HSA-ERA-Fringe/RFP\\_ETH0052-54CombinedDocs.pdf](https://etfonline.wi.gov/etf/internet/RFP/HSA-ERA-Fringe/RFP_ETH0052-54CombinedDocs.pdf)

The Proposer of this Contract Compliance Auditor Contract will provide the Department auditing reports, which will be further defined in the Statement of Work (to be developed after an auditor has been selected), on the following specifications:

- review effectiveness of the contractual agreements between parties to identify contract risk;
- scrutinize invoices and line item billing detail;
- analyze the systematic processes to understand internal controls and/or process breakdowns;
- identify areas of contract, law, rule and policy non-compliance;
- quantify accurately the amount of billing errors, either overcharges or undercharges due to non-compliance issues; and
- recommend possible changes in operation or contract management that would correct any compliance issues.

The Department will determine the auditing scope in the Statement of Work which ensures HSA TPA Contract compliance.

Areas of focus may include: contract compliance, internal controls, record-keeping and accounting. To assist the Proposer on what has been audited in the past, please see 2017 report on contract compliance for the HSA program <http://etf.wi.gov/boards/agenda-items-2017/qib1115/item4b.pdf>

### 1.1.2 Additional Background Information

Table 1 (below) provides links to additional background information that may assist the Proposer in completing a response.

**Table 1. Additional Background Information**

Title	Web Address
TASC Online Landing Page for the State of Wisconsin	<a href="https://partners.tasconline.com/ETFEmployee">https://partners.tasconline.com/ETFEmployee</a>
<a href="#">State Employer Organizational Relationship Chart</a> (hyperlink)	

## 1.2 CONTRACT COMPLIANCE

In addition to the HSA TPA's compliance with the HSA TPA Contract, Department processes, including operational process with the payroll centers and timely submission of annual reports may be the subject of an audit.

The following areas may be included in a contract compliance audit:

- Contract adherence
- Performance standards and guarantees
- IRS regulation and plan rules adherence

The audit results should ensure that the HSA TPA is in compliance with the HSA TPA Contract and IRS Regulations, and all applicable federal and State laws, rules, regulations, and policies.

### 1.2.1 Contract Adherence

The HSA TPA must adhere to all terms and conditions in the HSA TPA Contractor with the Department. There shall be no discrimination against any employees or applicants for employment or benefit enrollment eligibility. A history of the HSA TPA Contract terms is listed below.

**Table 2. HSA Contract Terms and Period**

<b>Contract Terms</b>	<b>Health Savings Account (HSA) Contract Period</b>
<b>Original Contract Term</b>	September 1, 2014 - December 31, 2016
<b>First Extension</b> <i>(Approved March 24, 2016)</i>	January 1, 2017 – December 31, 2017
<b>Second Extension</b> <i>(Approved March 23, 2017)</i>	January 1, 2018 – December 31, 2018
<b>Third Extension</b> <i>(Approved February 21, 2018)</i>	January 1, 2019 – December 31, 2019

For full review of HSA TPA Contract with the Department, see HSA TPA Contract linked above in 1.1.1 Program Administration.

### 1.2.2 Performance Standards and Guarantees

Performance standards and guarantee reports are submitted on a monthly, quarterly, and yearly basis to the Department. Details are outlined in the [2018 Contract Renewal Exhibit A – Attachment 1](#). The underlying data should generate an in-depth comprehensive summary of general areas as follows.

- Customer Service
- Claims
- Contributions
- Open Enrollment
- Plan Documents
- Reports
- Disaster Recovery
- Report FSA Files
- Report Enrollments
- Report Cards Ordered
- Call Summary

Reports on performance should include trending analysis to the Department for review and to determine future improvements to the general areas. An examination of the reports will measure goals that have been achieved and results that did not meet requirements.

### 1.2.3 IRS Regulation and Plan Rules Adherence

The Health Savings Account (HSA) is authorized under

- [Internal Revenue Code \(IRC\) Section 125](#);
- [Internal Revenue Code \(IRC\) Section 223](#);
- [Wis. Stats. § 40.85-40.875](#).

Employees contributions taken as pre-tax are exempt from federal, state, and Federal Insurance Contributions Act (FICA) taxes. Contributions taken as post-tax are not exempt from a Participant's net gross income wages and will be taxable.

Rules under Federal guidelines must be enforced across all Participants and sustain compliance under Federal laws. Violations of rules and regulations can result in disciplinary measures or fines to the HSA TPA.

## 1.3 INTERNAL CONTROLS

The Department expects the HSA TPA to have secure and stabilized internal and external controls within their operation and across internal functional teams. This includes controls internally and externally outside of the HSA TPA's organization.

The audit may include a review of operational process for the following internal controls.

- Logical access
- Privacy policy and practices
- Data security
- System and card functionality

The audit results should provide levels of integrity in the system and make sure internal operation control is reliable and secure in accordance with the [Health Insurance Portability and Accountability Act](#) (HIPAA) Rules and Enforcement Rules at 45 Code of Federal Regulations (CFR) Part 160 and Part 164.

### 1.3.1 Logical Access

The system platform that is utilized for the benefit program processing participant requests needs to be secured, including application access, access changes, and computer equipment set-up. System access level for every HSA TPA employee will be based upon their job roles/needs. Access levels should be established based on job responsibilities with the lowest level of access granted in order to perform job duties. Access for new users or modifications to existing user's access is requested and approved in accordance with established policies and procedures.

Termination of employee access and accounts needs to be handled timely to prevent data breach from occurring to safeguard data information, contributions, and privacy. A review of all access will be performed on an annual basis to determine if access is appropriate to perform job responsibilities.

### 1.3.2 Privacy policy and practices

The HSA TPA will have properly documented policies and procedures in place regarding protection of private information. The Department's Privacy Officer will be notified in writing within twenty-four (24) hours after the HSA TPA becomes aware of a suspected breach, impermissible

use, or impermissible disclosure. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to the HSA TPA, or, by exercising reasonable diligence, would have been known to the HSA TPA.

### **1.3.3 Data Security**

The HSA TPA Contractor should have a plan to protect the Department Confidential Information and information resources. Protective digital privacy measures shall be applied to prevent unauthorized access to computers, network systems, databases, and the administration portal. Data security also includes protecting data from corruption.

There should be proper backups to system technology and security encryption to secure Personal Identifiable Information. It is also the responsibility of the HSA TPA to ensure that its access does not result in any access by unauthorized individuals to Department's information resources.

### **1.3.4 System and Card Functionality**

All participants will have a debit card to use at the point-of-purchase. The debit card pays for and automatically substantiates the eligible expense, eliminating the need to submit a reimbursement request. Debit card utilization shall be limited to transactional claims relating to medical expenses.

Debit card functionality uses a Merchant Category Code (MCC) smart enough to know from which purse to pay for expenses based upon the merchant where a Participant is buying the product or service. An MCC is a four-digit numbers that credit card issues to categorize transactions that gets purchased on a credit card. The amount of the expense is automatically deducted from the Participant's available HSA balance and paid directly to the authorized provider at the point of purchase. Card purchases are limited to merchants with an inventory information approval system (IIAS) in place to identify HSA-eligible purchases.

## **1.4 RECORD-KEEPING**

The HSA TPA works with nine (9) separate payroll processing centers to accurately enroll Participants and record enrollments, elections, level of coverage, eligibility, and contributions.

The payroll processing centers deduct Participant contributions from payroll and then report contribution amounts to the HSA TPA and the Department via electronic file transmission. The election files are loaded on the TPA's HSA processing systems and amounts are applied to the Participant's HSA account. Participant contributions that are deducted from payroll are sent via ACH from the payroll processing center to the HSA TPA to properly load funds to the Participant's HSA.

The audit may include the following elements of record-keeping.

- Client setup
- Enrollment and eligibility
- Contributions/Limits
- Carryover

Audit results must ensure that a Participant is setup timely and appropriately with enrollment eligibility. Contributions may not be over the limit, and a reconciliation process must be in place to proactively resolve a discrepancy within 18 months discovery.



### 1.4.1 Client Set-up

There should be reasonable record-keeping controls provided for the assurance that plan information is entered completely and accurately into the system. This includes Participant setup/enrollment and termination of participant accounts.

The Participant receives a welcome packet via email after their enrollment profile has been created. The welcome email also contains contact information and general log-in information. All new Participants should go through a secondary review by a HSA TPA staff member to ensure appropriate setup has been established including name, address, banking, offering specifics of the plan, demographics and fees. Any errors are tracked and followed up on accordingly.

### 1.4.2 Enrollment and Eligibility

State and UW Employees who are eligible under the Wisconsin Retirement Systems may enroll in the HSA program within thirty (30) days of their hire or eligibility date or during the annual open enrollment period held in the fall prior to each plan year. If an employee does not enroll within 30 days of their hire date or during the annual open enrollment period, they are not eligible to enroll until the next plan year's open enrollment period. If the employee experiences a qualified life change event, such as a marriage or divorce, birth or adoption of a child, a change in employment status, or another qualified life change event in the middle of an election year, the employee is eligible to enroll if not already, make changes to their enrollments, and adjust their contributions.

If an employee is eligible and elects to enroll outside of the open enrollment period, the employee is required to complete an enrollment application and submit the application to their Payroll Center.

Approximately 97,500 employees at locations throughout the State are currently eligible to enroll in the HSA program. As of May 2018, there were 5,296 employees enrolled in the HSA Benefit program.

**Table 3. HSA Benefit Enrollment Experience**

	2015	2016	2017	2018
<b>Total HSA Benefit Participation</b>	790	3,236	4,158	5,296

### 1.4.3 Contribution Limits

The Internal Revenue Code sets limits on the amount an employee may contribute into the HSA program. These limits are adjusted each year for inflation. If and when the IRS announces a limit change, the Department will review the IRS limit change for plan adoption and work with the HSA TPA to make applicable program changes and communicate the changes to the payroll processing centers and employees.

Each pay period a contribution posts to the employee's HSA, after which they may submit reimbursement requests for eligible expenses. The HSA funds are available to a participating employee only as contributions occur.

**Table 4. HSA Limit for Employee Contribution**

Annual HSA Limits	2017	2018	2019
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<b>Single HSA Employee Contribution Limit</b>	\$3,400	\$3,450	\$3,500
<b>Family HSA Employee Contribution Limit</b>	\$6,750	\$6,850	\$7,000
<b>HSA Employee Catch-up Contribution Limit</b>	\$1,000	\$1,000	\$1,000
<b>HSA Carryover Limit</b>	Unlimited	Unlimited	Unlimited

Employees who are required to pay half the total health insurance premium will receive one-half of the State HSA contribution.

The annual HSA Employer Contribution for employees who are covered by the Its Your Choice (IYC) HDHP for the year and are eligible for the full employer contribution towards health insurance are as follows:

**Table 5. HSA Limit for Employer Contributions**

<b>Annual HSA Limits</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Single HSA Employer Contribution Limit</b>	\$750	\$750	\$750
<b>Family HSA Employer Contribution Limit</b>	\$1,500	\$1,500	\$1,500

If the HDHP and HSA coverage are effective after January 1<sup>st</sup> of the year, the employee will receive a prorated annual HSA state contribution based on the coverage effective date. The employee receives \$62.50 per month for every month in which the employee has single coverage and \$125.00 per month for every month in which the employee has family coverage. If an employee terminates coverage during the year, the employee will receive the state HSA contribution through the final month of coverage.

#### **1.4.4 Carryover**

The employee’s contributions will carry over year-to-year without forfeiture in the HSA program. Contributions to the HSA belong to the employee, even if they terminate employment or retire. Employee’s that terminate employment but keep the HSA open will pay the monthly HSA service fee. The Participant is allowed unlimited carryover and the carryover is not subject to tax. Carryover amounts should be migrated without disruption from plan year to the following year.

### **1.5 ACCOUNTING**

The HSA TPA will conduct internal audits of its own departments involved in the oversight of the HSA program in order to validate controls, processes, systems, and accuracy. The HSA TPA maintains accounting records at the plan level, recording all fund transactions between payroll processing centers and the HSA TPA, and at the employee level, recording transactions for each Participant. The HSA TPA will conduct a monthly reconciliation of accounts and send the resulting report to the Department for review.

Focus areas of the Contract Compliance Auditor may include any of the accounting fields.

- Administrative invoicing
- Claims invoicing

- Plan finalization

The audit results should ensure that invoices are accurate and records match consistently between the Department and HSA TPA. Accounting procedures should be followed thoroughly to maintain account receivables, account payables, and account balances.

### **1.5.1 Administrative Invoicing**

TPA invoices for services to the Department will occur forty-five (45) days prior to the service period and are due prior to the first date of service being billed. The Department agrees to provide the HSA TPA payment via ACH payment. The HSA TPA is required to submit reports to the Department to allow adequate program monitoring. TPA invoices should include the following elements.

- Invoice number
- Invoice date
- Payment due date
- Service period
- Total balance due

The detailed invoicing and reporting may include: master invoice, claims invoice, administrative fee invoice, enrollment, enrollment discrepancy, contribution, contribution discrepancy, reimbursement, repayment, plan finalization, forfeiture, substantiation, stale date checks, account balance, claim history, debit card status, employer funding, etc.

### **1.5.2 Claims Invoicing**

The HSA TPA will process all HSA claims and issue a reimbursement check or electronic funds transfer to program Participants within five (5) business days of receipt of a valid and complete reimbursement claim. The HSA TPA is responsible for resolving all service issues related to reimbursement accounts including check issuance, direct deposit, stop payments, etc. Claims invoicing will have proper turnaround with time and accuracy.

### **1.5.3 Plan Finalization**

Each year the HSA TPA provides the Department a report on the Annual Plan Finalization that documents election, deposits, rollovers, adjustments, reimbursements, refunds, and cash balances. All claims for processing of the prior year should be finalized by the ninety (90) day run-out period on March 31<sup>st</sup>. The HSA TPA will provide a preliminary audit report and correct all discrepancies by April 30<sup>th</sup> for a final reporting on May 31<sup>st</sup>.

## **2 AUDIT REQUIREMENTS**

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the contract compliance or agreed upon procedures (AUP) audit of the HSA TPA's level of performance and compliance with the requirements of the [HSA TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor's examination and review of activities performed during the audit period.

## **2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS**

The Proposer will be responsible for determining whether the requirements of the HSA TPA Contract have been met by the HSA TPA. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

1. Internal controls
2. Logical access
3. Client setup
4. Participant record-keeping
5. Documentation for processing
6. Banking activities/transaction
7. Change in status procedures
8. Participant enrollment and account changes
9. Enrollment and participant data
10. Billings for claims payments
11. Transition between systems
12. Claims substantiation and payments
13. Payments of disbursements and adjustments
14. Reporting

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

## **2.2 FREQUENCY AND DUE DATES**

The HSA TPA audit frequency is currently biennial (every two years). The initial audit is tentatively scheduled to start in the second quarter of 2019 and will cover plan years 2017-2018. An audit of plan year 2019-2020 is tentatively scheduled to start in second quarter of 2021.

## **2.3 LOCATIONS**

The current HSA TPA maintains an office in Wisconsin to serve as an information and troubleshooting resource for the Department, State agencies, and Participants. The HSA TPA provides support staff on-site at the Department's location twenty-four (24) hours per week or as needed. The audits may require review on the HSA TPA's premises and/or at the Department at a time mutually agreeable to the HSA TPA, auditor, and the Department.

**Appendix 7**  
**PROGRAM OVERVIEW and AUDIT REQUIREMENTS**  
**COMMUTER FRINGE BENEFIT ACCOUNTS**  
**ETH0041**

## **1 PROGRAM OVERVIEW**

### **1.1 CURRENT STATE AND BACKGROUND**

The Commuter Fringe Benefit program is a qualified transportation benefit plan authorized under Section 132 of the Internal Revenue Code. It was implemented for State of Wisconsin (State) employees in 2002. The Commuter Fringe Benefit program offers State employees the ability to elect pre-tax deductions for qualified parking expenses and/or mass transit expenses. The program currently offers direct pay to parking facilities, purchase of bus passes, and reimbursement of qualified transportation expenses.

The oversight authority for the Commuter Fringe Benefit program rests with the Group Insurance Board (Board). The Program is administered on behalf of the Board by the Department of Employee Trust Funds (Department). The Third-Party Administrator (TPA) of the Commuter Fringe Benefit Accounts (Commuter TPA) is responsible for enrollment services, including the development, production, and distributions of all enrollment materials, online and paper enrollment processing, program communication to employees and employers, as well as claims processing and reimbursement services.

#### **1.1.1 Program Administration**

The current Commuter TPA is Total Administrative Services Corporation (TASC) and they are contracted with the Department through the end of December 31, 2018. See ETE0002 – Current Commuter TPA Contract <https://etfonline.wi.gov/etf/internet/RFP/era2014/index.html>.

The Department released a Request for Proposal (RFP) for the Commuter Fringe Benefit program in June 2018 for services in plan year 2020, effective January 1, 2020. See Commuter RFP ETH0054 – Third Party Administration of Commuter Fringe Benefit Accounts [https://etfonline.wi.gov/etf/internet/RFP/HSA-ERA-Fringe/RFP\\_ETH0052-54CombinedDocs.pdf](https://etfonline.wi.gov/etf/internet/RFP/HSA-ERA-Fringe/RFP_ETH0052-54CombinedDocs.pdf)

The Proposer of this Contract Compliance Auditor Contract will provide the Department auditing reports, which will be further defined in the Statement of Work (to be developed after an auditor has been selected), on the following specifications:

- review effectiveness of the contractual agreements between parties to identify contract risk;
- scrutinize invoices and line item billing detail;
- analyze the systematic processes to understand internal controls and/or process breakdowns;
- identify areas of contract, law, rule and policy non-compliance;
- quantify accurately the amount of billing errors, either overcharges or undercharges due to non-compliance issues; and

- recommend possible changes in operation or contract management that would correct any compliance issues.

The Department will determine the auditing scope in the Statement of Work which ensures Commuter TPA Contractor compliance.

Areas of focus may include: contract compliance, internal controls, record-keeping and accounting. To assist the Proposer on what has been audited in the past, see 2017 report on contract compliance for the Commuter program <http://etf.wi.gov/boards/agenda-items-2017/gib11115/item4b.pdf>.

### 1.1.2 Additional Background Information

Table 1 (below) provides links to additional background information that may assist the Proposer in completing a response.

**Table 1. Additional Background Information**

Title	Web Address
TASC Online Landing Page for the State of Wisconsin	<a href="https://partners.tasconline.com/ETFEmployee">https://partners.tasconline.com/ETFEmployee</a>
<a href="#">State Employer Organizational Relationship Chart</a> (hyperlink)	

## 1.2 CONTRACT COMPLIANCE

In addition to the Commuter TPA's compliance with the Commuter TPA Contract, Department processes including operational process with the payroll centers and timely submission of annual reports may be the subject of an audit.

The following areas may be included in a contract compliance audit:

- Contract adherence
- Performance standards and guarantees
- IRS regulation and plan rules adherence

The audit results should ensure that the Commuter TPA is in compliance with the TPA Contract and IRS Regulations, and all applicable federal and State laws, rules, regulations, and policies.

### 1.2.1 Contract Adherence

The Commuter TPA must adhere to all terms and conditions in the Commuter TPA Contract. There shall be no discrimination against any employees or applicants for employment or benefit enrollment eligibility. A history of the Commuter TPA Contract terms and period dates has been listed below.

**Table 2. Commuter Fringe Benefit Contract Terms and Period**

Contract Terms	Contract Period
----------------	-----------------

<b>Original Contract Term</b>	October 1, 2014 - December 31, 2016
<b>First Extension</b> <i>(Approved March 24, 2016)</i>	January 1, 2017 – December 31, 2017
<b>Second Extension</b> <i>(Approved March 23, 2017)</i>	January 1, 2018 – December 31, 2018
<b>Third Extension</b> <i>(Approved February 21, 2018)</i>	January 1, 2019 – December 31, 2019

For full review of the current Commuter TPA Contract with the Department, see Commuter TPA Contract linked above in 1.1.1 Program Administration.

### 1.2.2 Performance Standards and Guarantees

Performance standards and guarantee reports are submitted on a monthly, quarterly, and yearly basis to the Department. Details are outlined in the [2018 Contract Renewal Exhibit A – Attachment 1](#). The underlying data should generate an in-depth comprehensive summary of general areas as follows:

- Customer Service
- Claims
- Contributions
- Open Enrollment
- Plan Documents
- Reports
- Disaster Recovery
- Report FSA Files
- Report Enrollments
- Report Cards Ordered
- Call Summary

Reports on performance should include trending analysis to the Department for review and determining future improvements to the general areas. An examination of the reports will measure goals that have been achieved and results that did not meet requirements.

### 1.2.3 IRS Regulation and Plan Rules Adherence

The Commuter Fringe Benefit program consists of the Parking Account and Transit Account as authorized under:

- [Internal Revenue Code \(IRC\) Section 132](#).

Employees contributions as pre-tax are exempt from federal, state, and Federal Insurance Contributions Act (FICA) taxes. Contributions taken as post-tax are not exempt from a Participant's net gross income wages and will be taxable for the fiscal tax year.



Rules under Federal guidelines must be enforced to across all Participant and sustain compliance under Federal laws. Violations of rules and regulations can result in disciplinary measures or fines to the Commuter TPA.

### **1.3 INTERNAL CONTROLS**

The Department expects the Commuter TPA to have secure and stabilized internal and external controls within their operation and across internal functional teams. This includes controls internally and externally outside of the Commuter TPA's organization.

As defined in the Statement of Work, the audit may include a review of operational process for the following internal controls.

- Logical access
- Privacy policy and practices
- Data security
- System and card functionality

The audit results should provide levels of integrity in the system and make sure internal operation control is reliable and secure in accordance with the [Health Insurance Portability and Accountability Act](#) (HIPAA) Rules and Enforcement Rules at 45 Code of Federal Regulations (CFR) Part 160 and Part 164.

#### **1.3.1 Logical Access**

The system platform that is utilized for the benefit program processing participant requests needs to be secured, including application access, access changes, and computer equipment set-up. System access level for every Commuter TPA employee will be based upon their job roles/needs. Access levels should be established based on job responsibilities with the lowest level of access granted in order to perform job duties. Access for new users or modifications to existing users access is requested and approved in accordance with established policies and procedures.

Termination of employee access and accounts should be handled timely to prevent data breach from occurring to safeguard data information, contributions, and privacy. A review of all access will be performed on an annual basis to determine if access is appropriate to perform job responsibilities.

#### **1.3.2 Privacy policy and practices**

The Commuter TPA will have properly documented policies and procedures in place regarding protection of private information. The Department's Privacy Officer will be notified in writing within twenty-four (24) hours after the Commuter TPA becomes aware of a suspected breach, impermissible use, or impermissible disclosure. A suspected breach, impermissible use, or impermissible disclosure is considered to be discovered as of the first day on which such occurrence is known to the Commuter TPA, or, by exercising reasonable diligence, would have been known to the Commuter TPA.

#### **1.3.3 Data Security**

The Commuter TPA should have a plan to protect the Department's Confidential Information and Information Resources. Protective digital privacy measures shall be applied to prevent



unauthorized access to computers, network systems, databases, and the administration portal. Data security also includes protecting data from corruption.

There should be proper backups to system technology and security encryption to secure Personal Identifiable Information. It is also the responsibility of the Commuter TPA Contractor to ensure that its access does not result in any access by unauthorized individuals to the Department's Information Resources.

### **1.3.4 System and Card Functionality**

All participants will have a debit card to use at the point-of-purchase. The debit card pays for and automatically substantiates the eligible expense, eliminating the need to submit a reimbursement request. Debit card utilization shall be limited to parking and transit expenses.

Debit card functionality uses a Merchant Category Code (MCC) smart enough to know from which purse to pay for expenses based upon the merchant where a Participant is buying the product or service. An MCC is a four-digit numbers that credit card issues to categorize transactions that gets purchased on a credit card. The amount of the expense is automatically deducted from the Participant's available Commuter fringe benefit account and paid directly to the authorized provider at the point of purchase. Card purchases are limited to merchants with an inventory information approval system (IIAS) in place to identify Parking and Transit eligible purchases.

## **1.4 RECORD-KEEPING**

The Commuter TPA works with nine (7) separate payroll processing centers to accurately enroll Participants and record enrollments, elections, level of coverage, eligibility, and contributions.

The payroll processing centers deduct Participant contributions from payroll and then report contribution amounts to the Commuter TPA and the Department via electronic file transmission. The election files are loaded on the Commuter TPA's processing systems and amounts are applied to the Participant's Parking and Transit account. Participant contributions that are deducted from payroll are sent via ACH from the payroll processing center to the Commuter TPA to properly load funds to the Participant's Commuter Fringe Benefits Account.

The audit may include the following elements of record-keeping:

- Client setup
- Enrollment and eligibility
- Contributions/Limits
- Carryover
- Forfeitures
- Claims

Audit results must ensure that a Participant is setup timely and appropriately with enrollment eligibility. Contributions should not be over the limit and a reconciliation process is in place to proactively resolve a discrepancy within 18 months of discovery. Any forfeitures from the end of the plan year shall be transfer to the Department accurately.

### 1.4.1 Client Set-up

There should be reasonable record-keeping controls provided for the assurance that plan information is entered completely and accurately into the system. This includes Participant setup as enrollment and termination of participant accounts.

The Participant receives a welcome packet via email after their enrollment profile has been created. The welcome email also contains contact information and general log-in information. All new Participants should go through a secondary review by a Commuter TPA staff member to ensure appropriate setup has been established including name, address, banking, offering specifics of the plan, demographics and fees. Any errors are tracked and followed up on accordingly.

### 1.4.2 Enrollment and Eligibility

The Commuter Fringe Benefit program allows an eligible employee to enroll or make changes to their contribution amount at any time throughout the plan year. An employee has the opportunity to enroll in the upcoming plan year during the annual open enrollment period. The Commuter Fringe Benefit program is available to all full-time and part-time classified and unclassified State employees. An employee's dependent(s) is not eligible for participation.

An employee may change their Commuter Fringe Benefit election at any time during the plan year by completing a change of election form and submitting it to their payroll/benefits office.

Following enrollment, payroll processing centers produce an enrollment contribution data file of salary reductions elected by employees, in a file format established in conjunction with the TPA and the Department. All payroll processing centers are required to submit files using the established uniform file formats.

Approximately 50,000 employees are currently eligible to enroll in the Commuter Fringe Benefit program. Some agencies do not have employees who use the benefit because they are located in small metropolitan or rural areas where there is no mass transit and parking is free, or parking is available in a State-owned facility and parking fees are already deducted on a pre-tax basis. As of May 2018, there were 2,356 employees enrolled in the Commuter Fringe Benefit program. UW System and UW Hospitals & Clinics employees are not eligible to participate in the Commuter Benefits effective January 1, 2019.

**Table 3. Commuter Fringe Benefit Enrollment Experience**

	2015	2016	2017	2018
<b>Parking Account Participation</b>	1,344	1,430	1,703	1,772
<b>Transit Account Participation</b>	424	482	562	584
<b>Total Commuter Fringe Benefit Participation*</b>	1,768	1,912	2,265	2,356

*\*Monthly average*

### 1.4.3 Contribution Limits

The Internal Revenue Code sets limits on the amount an employee may contribute into the Commuter Fringe Benefit program. These limits are adjusted each year for inflation. If and when the Internal Revenue Service (IRS) announces a limit change, the Department will review the change for plan adoption and work with the Commuter TPA to make applicable program changes and communicate the changes to the payroll processing centers and employees.

The Commuter Fringe Benefit program is a money in money out benefit. Each pay period a contribution posts to the Participant's Commuter Fringe Benefit account, after which they may submit reimbursement requests for eligible expenses. Commuter Fringe Benefit program funds are available to a Participant only as contributions occur. See Table 8 for Parking and Transit Account contribution limits.

**Table 4. Commuter Fringe Benefit Limit for Employee Contribution**

Annual ERA Limits	2017	2018	2019
Parking Account	\$255	\$260	\$260
Transit Account	\$130	\$130	\$260

The Participant contributions will be deducted in equal amounts from each paycheck, pre-tax, throughout the Plan Year. There are no Employer Contributions for Commuter Fringe Benefit programs.

### 1.4.4 Carryover

The Participant's election will carry over month to month until the end of the plan year or the Participant amends it, cancels it, or terminates employment during the plan year. Any funds that remain in the account at the end of the plan year will carry over to the next plan year, unless the employee terminates employment. Any funds that remains in the employee's Commuter Fringe Benefit Account upon their termination of employment will be forfeited to the program, held in trust by the Department.

**Table 5. Commuter Fringe Benefit Carryover Limit**

Annual Carryover Limits	2017	2018	2019
Parking Account	Unlimited	Unlimited	Unlimited
Transit Account	Unlimited	Unlimited	Unlimited

### 1.4.5 Forfeitures

Beginning on January 1, 1990, the Department collected forfeitures from employee-funded reimbursement accounts, under the terms of contracts with employee-funded reimbursement account plan providers or with employees as authorized under Sections 125, 105, and 129 of the Internal Revenue Code and Wisconsin Statutes 40.85-40.875. The Commuter TPA withholds forfeiture amounts and deposits it to the Department after the end of a fiscal year.

Any contribution amount from a participant by December 31 that does not get carried over to the next following year during the run-out period between January 1 through March 31 is forfeited. After March 31 of each year, these forfeiture balances get deposited with the Department from the Commuter TPA. Forfeited amounts do not get restored back into the participant's account under IRS regulations.

### 1.4.6 Claims

The Commuter TPA is responsible for receiving, properly authorizing, processing reimbursement claims for valid reimbursement expenses, and ensuring that all claims authorized for reimbursement are in compliance with Internal Revenue Code Section 132.

Reimbursement requests can be submitted using a paper form or submitted online. The TPA will process all claims and issue a reimbursement check or electronic funds transfer to Participants within five (5) business days of receipt of a valid and complete reimbursement claim (pending contribution fund availability). The Commuter TPA is responsible for resolving all service issues related to reimbursement accounts including check issuance, direct deposit, stop payments, etc.

The total volume of debit card transactions and manual claims from State Participants to the current third-party administrator currently averages 2,352 per month. Approximately 42,697 debit card transactions and manual claims were processed in 2017. (This number includes claims submitted via debit card, mobile app, online account, fax or mail.)

**Table 6. Commuter Fringe Benefit Total Claim Experience**

	2015	2016	2017
<b>Parking Account Total Claims</b>	28,235	34,654	39,810
<b>Transit Account Total Claims</b>	2,976	2,604	2,887
<b>Commuter Fringe Benefit Total Claims</b>	31,211	37,258	42,697

The total volume of manual claims from State Participants to the Commuter TPA currently averages 1,100 per month. Approximately 13,037 manual claims were processed in 2017. (This number includes claims submit via mobile app, online account, fax, or mail.)

**Table 7. Commuter Fringe Benefit Total Manual Claim Experience**

	2015	2016	2017
<b>Parking Account Manual Claims</b>	12,031	10,583	10,910
<b>Transit Account Manual Claims</b>	2,202	2,042	2,127
<b>Total Commuter Fringe Benefit Manual Claims</b>	14,231	12,625	13,037

## 1.5 ACCOUNTING

The Commuter TPA will conduct internal audits of its own departments involved in the oversight of the Commuter Fringe Benefit program in order to validate controls, processes, systems, and accuracy. The Commuter TPA maintains accounting records at the plan level, recording all fund transactions between payroll processing centers and the Commuter TPA, and at the employee level, recording transactions for each Participant. The Commuter TPA will conduct a monthly reconciliation of accounts and send the resulting report to the Department for review.

Focus areas of the Contract Compliance Auditor may include any of these accounting fields.

- Administrative invoicing
- Claims invoicing
- Plan finalization

The audit results should ensure that invoices are accurate and records match consistently between the Department and Commuter TPA. Accounting procedures should be followed thoroughly to maintain account receivables, account payables, and account balances.

### 1.5.1 Administrative Invoicing

TPA invoices for services to the Department will occur forty-five (45) days prior to the service period and are due prior to the first date of service being billed. The Department agrees to provide the Commuter TPA payment via ACH payment. The Commuter TPA is required to submit reports to the Department to allow adequate program monitoring. All TPA invoices should include the following elements.

- Invoice number
- Invoice date
- Payment due date
- Service period
- Total balance due

The detailed invoicing and reporting may include: master invoice, claims invoice, administrative fee invoice, enrollment, enrollment discrepancy, contribution, contribution discrepancy, reimbursement, repayment, plan finalization, forfeiture, substantiation, stale date checks, account balance, claim history, debit card status, employer funding, etc.

### 1.5.2 Claims Invoicing

The Commuter TPA will process all claims and issue a reimbursement check or electronic funds transfer to program Participants within five (5) business days of receipt of a valid and complete reimbursement claim. The Commuter TPA is responsible for resolving all service issues related to reimbursement accounts including check issuance, direct deposit, stop payments, etc. Claims invoicing will have proper turnaround with time and accuracy.

### 1.5.3 Plan Finalization

Each year the Commuter TPA provides the Department a report on the Annual Plan Finalization that documents election, deposits, rollovers, adjustments, reimbursements, refunds, and cash balances. All claims for processing of the prior year should be finalized by the ninety (90) day run-

out period on March 31<sup>st</sup>. The Commuter TPA will provide a preliminary audit report and correct all discrepancies by April 30<sup>th</sup> for a final reporting on May 31<sup>st</sup>.

## 2 AUDIT REQUIREMENTS

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the contract compliance or agreed upon procedures (AUP) audit of the Commuter Fringe Benefit TPA's level of performance and compliance with the requirements of the [Commuter TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor's examination and review of activities performed during the audit period.

### 2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS

The Proposer will be responsible for determining whether the requirements of the Commuter TPA Contract have been met by the Commuter TPA. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

1. Internal controls
2. Logical access
3. Client setup
4. Participant record-keeping
5. Documentations for processing
6. Banking activities/transaction
7. Change in status procedures
8. Participant enrollment and account changes
9. Enrollment and participant data
10. Billings for claims payments
11. Transition between systems
12. Claims substantiation and payments
13. Payments of disbursements and adjustments
14. Forfeitures
15. Reporting

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

### 2.2 FREQUENCY AND DUE DATES

The Commuter TPA audit frequency is currently biennial (every two years). The initial audit is tentatively scheduled to start in the second quarter of 2019 and will cover plan years 2017-2018. An audit of plan year 2019-2020 is tentatively scheduled to start in second quarter of 2021.

### 2.3 LOCATIONS

The current Commuter TPA maintains an office in Wisconsin to serve as an information and troubleshooting resource for the Department, State agencies, and Participants. The Commuter TPA provides support staff on-site at the Department's location twenty-four (24) hours per week

or as needed. The audits may require review on the Commuter TPA's premises and/or at the Department at a time mutually agreeable to the Commuter TPA, auditor, and the Department.

**Appendix 8**  
**PROGRAM OVERVIEW and AUDIT REQUIREMENTS**  
**PHARMACY BENEFIT PROGRAM**  
**ETH0042**

## **1 PROGRAM OVERVIEW**

### **1.1 CURRENT STATE AND BACKGROUND**

Pharmacy benefits are carved out from the medical benefits provided by the participating health plans in the Group Health Insurance Program (GHIP) and Wisconsin Public Employers (WPE) programs. Pharmacy benefits are self-insured and managed by a single PBM TPA. The State of Wisconsin Group Insurance Board (Board) contracts with a pharmacy benefit manager to provide administrative services to GHIP and WPE program participants. The current PBM TPA is Navitus Health Solutions, LLC (Navitus). All participants will have their pharmacy benefits administered by the current PBM TPA through 2021. Pharmacy benefits are subject to the terms and conditions of the Uniform Pharmacy Benefits under the GHIP and WPE programs.

Pharmacy benefits for the GHIP and the WPE programs have been self-funded since 2004. Total pharmacy benefit program spending, which includes administrative fees as well as both plan and member costs for drugs, is more than \$400 million annually, associated with approximately four million claims.

Medicare eligible retirees and their dependents enrolled in the GHIP and WPE programs receive their Medicare Part D prescription drug benefits from an employer group waiver plan (EGWP), provided by the PBM TPA and underwritten by an entity that contracts directly with Medicare. The EGWP is a Medicare Part D prescription drug plan (PDP) and is also self-insured. Supplemental Wrap benefits are provided to pay claims when the Medicare Part D plan does not pay (e.g. in the Deductible phase and when participants reach the Medicare Part D coverage gap).

As shown in Tables 2 through 4, pharmacy benefits are based on a multi-tier design with various cost-sharing levels and applicable Out-of-Pocket Limits (OOPL). Members who select a high-deductible health plan (HDHP) are also subject to a combined medical and pharmacy Deductible.



**Table 1. 2018 Uniform Pharmacy Benefits for GHIP Participants without Medicare**

Amounts paid by PARTICIPANTS who do <u>not</u> have MEDICARE as the primary payor		
	IYC Health Plan <sup>1</sup>	IYC High-DEDUCTIBLE Health Plan (HDHP) <sup>2</sup>
Annual Pharmacy DEDUCTIBLE	None	\$1,500 individual / \$3,000 family <sup>3</sup>
Preventive Drugs <sup>4</sup>	No cost	No cost
Level 1 COPAYMENT	\$5	\$5 <sup>5</sup>
Level 2 COINSURANCE	20% (\$50 max)	20% (\$50 max)
Level 3 COINSURANCE	40% (\$150 max)	40% (\$150 max)
Level 4 COPAYMENT	\$50	\$50
Level 1 & Level 2 OUT-OF-POCKET LIMIT	\$600 individual / \$1,200 family	\$2,500 individual / \$5,000 family
Level 3 OUT-OF-POCKET LIMIT	\$6,850 individual / \$13,700 family <sup>6</sup>	
Level 4 OUT-OF-POCKET LIMIT	\$1,200 individual / \$2,400 family	

<sup>1</sup> IYC Health Plan Pharmacy Benefits are also the IN-NETWORK benefits for the IYC ACCESS PLAN. There are no out-of-network pharmacy benefits for non-emergency or urgent care services.

<sup>2</sup> IYC HDHP Pharmacy Benefits are also the IN-NETWORK benefits for the IYC ACCESS HDHP PLAN. There are no out-of-network pharmacy benefits for non-emergency or urgent care services.

<sup>3</sup> HDHP DEDUCTIBLE is combined with the medical benefit DEDUCTIBLE. See the HEALTH PLAN Uniform Benefits for additional information.

<sup>4</sup> Federally-required preventive drugs are covered at 100%.

<sup>5</sup> COPAYMENTS and COINSURANCE apply after DEDUCTIBLE has been met for HDHPs.

<sup>6</sup> The Level 3 OOPL is based on the federally-defined maximum out of pocket limit. Level 1 & Level 2 OOPL and Level 4 OOPL accumulate toward the Level 3 OOPL.

**Table 2. 2018 Uniform Pharmacy Benefits for GHIP Participants with Medicare**

<b>Amounts paid by PARTICIPANTS who have MEDICARE as the primary payor</b>		
	<b>IYC Health Plan<sup>7</sup></b>	<b>IYC High-DEDUCTIBLE Health Plan (HDHP)<sup>89</sup></b>
Annual Pharmacy DEDUCTIBLE	None	\$1,500 individual / \$3,000 family <sup>10</sup>
Preventive Drugs <sup>11</sup>	No cost	No cost
Level 1 COPAYMENT	\$5	\$5 <sup>12</sup>
Level 2 COINSURANCE	20% (\$50 max)	20% (\$50 max)
Level 3 COINSURANCE	40% (\$150 max)	40% (\$150 max)
Level 4 Preferred COPAYMENT	\$50	\$50
Level 4 Non-Preferred COINSURANCE	40% (\$200 max)	40% (\$200 max)
Level 1 & Level 2 OUT-OF-POCKET LIMIT	\$600 individual / \$1,200 family	\$2,500 individual / \$5,000 family
Level 3 OUT-OF-POCKET LIMIT	\$6,850 individual / \$13,700 family <sup>13</sup>	
Level 4 OUT-OF-POCKET LIMIT	\$1,200 individual / \$2,400 family	

<sup>7</sup> IYC Health Plan Pharmacy Benefits are also the IN-NETWORK benefits for the IYC ACCESS PLAN. There are no out-of-network pharmacy benefits for non-emergency or urgent care services.

<sup>8</sup> IYC HDHP Pharmacy Benefits are also the IN-NETWORK benefits for the IYC ACCESS HDHP. There are no out-of-network pharmacy benefits for non-emergency or urgent care services.

<sup>9</sup> SUBSCRIBERS with MEDICARE as primary payor cannot elect the IYC HDHP or IYC ACCESS HDHP; subscribers with DEPENDENTS who have MEDICARE as primary payor may still elect the IYC HDHP or IYC ACCESS HDHP.

<sup>10</sup> HDHP DEDUCTIBLE is combined with the medical benefit DEDUCTIBLE. See the HEALTH PLAN Uniform Benefits for additional information.

<sup>11</sup> Federally-required preventive drugs are covered at 100%.

<sup>12</sup> COINSURANCE and COPAYMENTS apply after the deductible has been met for HDHP plans.

<sup>13</sup> The Level 3 OOPL is based on the federally-defined maximum out of pocket limit. Level 1 & Level 2 OOPL and Level 4 OOPL accumulate toward the Level 3 OOPL.

**Table 3. 2018 Uniform Pharmacy Benefits for WPE Participants without Medicare**

<b>Amounts paid by PARTICIPANTS who do <u>not</u> have MEDICARE as the primary payor</b>		
	<b>IYC Local Traditional (Program Option 2/12) or Local Deductible (Program Option 4/14) or Local Health Plan (Program Option 6/16)<sup>14</sup></b>	<b>IYC Local High Deductible Health Plan (Program Option 7/17)<sup>1516</sup></b>
Annual Pharmacy DEDUCTIBLE	None	\$1,500 individual / \$3,000 family
Preventive Drugs <sup>17</sup>	No cost	No cost
Level 1 COPAYMENT	\$5	\$5 <sup>18</sup>
Level 2 COINSURANCE	20% (\$50 max)	20% (\$50 max)
Level 3 COINSURANCE	40% (\$150 max)	40% (\$150 max)
Level 4 COPAYMENT	\$50	\$50
Level 1 & Level 2 OUT-OF-POCKET LIMIT	\$600 individual / \$1,200 family	\$2,500 individual / \$5,000 family
Level 3 OUT-OF-POCKET LIMIT <sup>19</sup>	\$6,850 individual / \$13,700 family	
Level 4 OUT-OF-POCKET LIMIT	\$1,200 individual / \$2,400 family	

<sup>14</sup> IYC Program Option (PO) 2/12 / PO 4/14 / PO 6/16 Pharmacy Benefits are also the IN-NETWORK benefits for the IYC ACCESS PLAN. There are no out-of-network pharmacy benefits for non-emergency or urgent care services.

<sup>15</sup> IYC PO 7/17 Pharmacy Benefits are also the IN-NETWORK benefits for the IYC ACCESS HDHP. There are no out-of-network pharmacy benefits for non-emergency or urgent care services.

<sup>16</sup> HDHP DEDUCTIBLE is combined with the medical benefit DEDUCTIBLE. See the HEALTH PLAN Uniform Benefits for additional information.

<sup>17</sup> Federally-required preventive drugs are covered at 100%.

<sup>18</sup> COPAYMENTS and COINSURANCE apply after DEDUCTIBLE has been met for HDHPs.

<sup>19</sup> The Level 3 OOPL is based on the federally-defined maximum out of pocket limit. Level 1 & Level 2 OOPL and Level 4 OOPL accumulate toward the Level 3 OOPL.

**Table 4. 2018 Uniform Pharmacy Benefits for WPE Participants with Medicare**

Amounts paid by PARTICIPANTS who have MEDICARE as the primary payor	
	Local Traditional (Program Option 2/12) <sup>2021</sup>
Annual Pharmacy DEDUCTIBLE	None
Preventive Drugs <sup>22</sup>	No cost
Level 1 COPAYMENT	\$5
Level 2 COINSURANCE	20% (\$50 max)
Level 3 COINSURANCE	40% (\$150 max)
Level 4 Preferred COPAYMENT	\$50
Level 4 Non-Preferred COINSURANCE	40% (\$200 max)
Level 1 & Level 2 OUT-OF-POCKET LIMIT	\$600 individual / \$1,200 family
Level 3 OUT-OF-POCKET LIMIT	\$6,850 individual / \$13,700 family <sup>23</sup>
Level 4 OUT-OF-POCKET LIMIT	\$1,200 individual / \$2,400 family

All prescription drug Copayments/Coinsurance apply toward the federal Affordable Care Act (ACA) annual combined medical and prescription drug maximum out-of-pocket (MOOP) amounts.

The mixed Copayment/Coinsurance cost-share design currently in place was first implemented for the 2016 plan year. This design replaced flat Copayments that had been in effect since 2004. While out-of-pocket limits were gradually adjusted upward from 2004 through 2015, the Copayments remained unchanged at \$5, \$15 and \$35 for Levels 1, 2 and 3 respectively.

The Level 4 cost-share was first implemented in the 2013 plan year, along with the inclusion of a preferred specialty pharmacy in the network. Prior to 2013, specialty medications, self-injectable medications, and certain “lifestyle” drugs (Viagra and Caverject) were available at the Level 3 cost

<sup>20</sup> Local Traditional PARTICIPANTS with MEDICARE as primary payor are limited to participating in Program Option 2/12.

<sup>21</sup> IYC Health Plan Pharmacy Benefits are also the IN-NETWORK benefits for the IYC ACCESS PLAN.

<sup>22</sup> Federally-required preventive drugs are covered at 100%.

<sup>23</sup> Level 1 & Level 2 OOP and Level 4 OOP accumulate toward the Level 3 OOP. The Level 3 OOP is based on the federally-defined maximum out of pocket limit.

share of \$35. With the introduction of the Level 4 cost share the Copayment for these drugs was raised to \$50. However, GHIP and WPE Members who were prescribed preferred specialty medications, and who elected to utilize the preferred specialty pharmacy received a reduced Copayment of \$15.

With the 2016 plan year, the Level 4 cost share was changed to reflect the coinsurance plan design and offered a \$50 flat copayment to incentivize members to use the preferred specialty pharmacy. Finally, starting with the 2018 plan year, non-Medicare members were provided with the \$50 flat copayment but were required to use the two preferred specialty pharmacies contracted for that year. Medicare members still had the same choice of copayment versus coinsurance depending on whether they chose to use the preferred specialty pharmacy or not. Starting in 2019, members using certain Level 3 drugs will owe the difference between the brand and generic drug costs, in addition to the 40% coinsurance. These costs will not count toward the federal maximum out of pocket amounts.

### 1.1.1 Additional Background Information

Table 5 (below) provides links to additional background information. This information is provided in addition to Section 1.3 of the RFP to assist the Proposer in completing an RFP response.

**Table 5. Additional Background Information**

Title	Web Address
Information about the GHIP/WPE programs	<a href="http://etf.wi.gov/publications/et8902.pdf">http://etf.wi.gov/publications/et8902.pdf</a>
State of Wisconsin Pharmacy Benefit Programs Fact Sheet 2018	<a href="http://etf.wi.gov/publications/et8933.pdf">http://etf.wi.gov/publications/et8933.pdf</a>
Comparison of Medical and Pharmacy Benefits for Active State Employees and Retirees without Medicare	<a href="http://etf.wi.gov/members/IYC2019/et-2107cb.asp">http://etf.wi.gov/members/IYC2019/et-2107cb.asp</a>
Comparison of Medical and Pharmacy Benefits for Retirees with Medicare	<a href="http://etf.wi.gov/members/IYC2019/et-2107cbrm.asp">http://etf.wi.gov/members/IYC2019/et-2107cbrm.asp</a>

## 1.2 FUTURE STATE: PROJECT SCOPE AND OBJECTIVES

The Department re-awarded the contract for administering the pharmacy benefit program to Navitus in 2017. The initial contract term was for one year, with a total of six additional years available for renewal. Services provided by the PBM TPA include commercial coverage and benefits for employed members and their dependents, early retirees and their dependents, Medicare-eligible retirees and their dependents, and members and their dependents who are eligible for COBRA.

During the RFP process for the PBM TPA, the Department sought a TPA that would be a collaborative and strategic partner in providing services. The PBM TPA will accommodate the current benefit plan design and enhance the value of the pharmacy benefit programs through the following:

- Consistent administration of pharmacy benefits;

- Full transparency including but not limited to operational, legal, contractual and financial transparency;
- Focus on innovative plan design while bringing the best value to Members and the GHIP and WPE programs and achieving the lowest net cost to the programs; and,
- Data sharing and strategic coordination with other contractors and/or third party administrators, such as the Department's data warehouse, participating health insurers, the Board's consulting actuary, and the wellness and disease management contractor.

The successful PBM TPA was required to have a fully transparent financial arrangement; no other arrangements were considered. Full financial transparency is defined as a 100% pass-through to the GHIP and WPE programs of all discounts, revenues and other pricing components provided by retail, internet and mail-order pharmacies. It also includes 100% pass-through of all drug manufacturer revenue such as, but not limited to, the following: discounts and rebates, administration fees, data fees, clinical program fees, education and research grants, invoice charge-back fees, future rebates on newly rebate-eligible products such as Specialty Drugs, and product selection switching incentives. In addition, all related contracts must be readily available and completely auditable by the Department or its designee. Business practices, processes and clinical methodologies must also be fully disclosed.

The basis of payment for services provided by the PBM TPA is a flat, per member per month (PMPM) administrative fee. Additional fees based upon defined projects outside of the scope of the contract must be approved in advance by the Department and/or the Board.

The Department has worked to implement several changes that resulted from recommendations generated by a benefits consultant in two reports released in 2015 and 2016. These changes include:

- considering narrow or tiered pharmacy networks;
- moving to exclusive contracting for specialty drugs;
- increased focus on medication management services and strategies; and
- concentrating on member adherence through enhanced member and prescribing healthcare provider communication.

For the future, it will be imperative to ensure a balance between cost savings to the pharmacy benefit plan and providing the highest value to members through innovation and an emphasis on the lowest net cost, without simply shifting costs to the Member.

## 2 AUDIT REQUIREMENTS

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the contract compliance or agreed upon procedures (AUP) audit of the PBM TPA's level of performance and compliance with the requirements of the current [PBM TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor's examination and review of activities performed during the current audit period.

### 2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS

The Proposer will be responsible for determining whether the requirements of the PBM TPA Contract have been met by the PBM TPA. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

- (1) General PBM administration to include record keeping, billing, invoicing, and reporting, in addition to the PBM's internal controls.
- (2) Adherence to plan design including coverage restrictions, exceptions to coverage, prior authorizations and prescription drug coverage compliance.
- (3) Employing the established formularies and any associated restrictions.
- (4) Drug manufacturer rebates, pricing and contracts.
- (5) Plan transparency and application of a true, full-pass-through business model.
- (6) Eligible member enrollment and termination records managed by the TPA.
- (7) Claims processing accuracy including overrides and plan design exceptions or limitations.
- (8) Risk assessment of the program administration.
- (9) Pharmacy network management to include contracts and pricing discounts.
- (10) Clinical program management for member adherence and utilization.
- (11) Administration of a specialty drug program to include pricing, formulary development and management, and clinical programs for members.
- (12) Performance and pricing guarantee provisions.
- (13) Administration of the Medicare Part D plan to include:
  - a. Appropriate application of Medicare requirements to formulary development and benefit design.
  - b. Source claim file review and match to Prescription Drug Event (PDE) records.
  - c. Applying pricing, plan design and formulary specifications to PDE records.
  - d. Review of PDE Response, Monthly Membership Report (MMR), and Transaction Reply Report (TRR) files from the Centers for Medicare and Medicaid Services (CMS).
  - e. Verifying calculations of True Out Of Pocket (TrOOP) costs, Low Income Cost Sharing Subsidy (LICS) payments, and Coverage Gap Discount Program (Gap Discount) payments.
  - f. Coordination of Benefits (COB) activities including Medicare Part B COB.

In addition, an audit involving compliance with the activities mentioned above for one or more of the PBM TPA's subcontractors may be required and considered.

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

## **2.2 FREQUENCY AND DUE DATES**

Annual audits are preferred; however, biennial audits (every two years) may be considered. The initial audit will commence before the end of the first quarter of 2020, and be completed before the end of the fourth quarter of 2020. Proposers must clearly outline what activities performed by the PBM TPA will be audited and the plan year those activities apply to, whether proposing annual or biennial audits. Executive summaries

and full audit reports that can be conveyed to the Board must be completed and finalized before the end of April in the year following the end of the audit.

### **2.3 LOCATIONS**

Navitus, the current PBM TPA, is contracted with the Board through December 31, 2021. Navitus' Headquarters is located in Madison, WI and their main center of operations is located in Appleton, WI. Navitus also has offices located in Austin, TX and Phoenix, AZ. Both onsite and offsite (electronic) auditing will be considered. The audits may require review on the PBM TPA's premises and/or at the Department at a time mutually agreeable to the PBM TPA, auditor, and the Department.



**Appendix 9**  
**PROGRAM OVERVIEW and AUDIT REQUIREMENTS**  
**INCOME CONTINUATION INSURANCE**  
**ETH0043**

**1 PROGRAM OVERVIEW**

**1.1 PROGRAM BACKGROUND INFORMATION**

**1.1.1 Program Administration**

The Wisconsin Income Continuation Insurance (ICI) program is a voluntary self-insured disability program for State and Local Government employees. The services to be audited include plan administration, recordkeeping, reporting, enrollment processing, claims processing (all components), billings for administration and claims payments, confidentiality compliance, etc.

**1.1.2 ICI BACKGROUND INFORMATION**

For additional information on the ICI Plan, please review the following related Websites:

<b>Document</b>	<b>Web Address</b>
WI State Statutes Ch. 40, Subch. V	<a href="http://www.legis.state.wi.us/statutes/Stat0040.pdf">http://www.legis.state.wi.us/statutes/Stat0040.pdf</a>
Ch. ETF 50, Subch. I WI Admin. Code	<a href="http://docs.legis.wisconsin.gov/code/admin_code/etf/50.pdf">http://docs.legis.wisconsin.gov/code/admin_code/etf/50.pdf</a>
ICI Plan Language	<a href="http://etf.wi.gov/publications/ici_plan_language.pdf">http://etf.wi.gov/publications/ici_plan_language.pdf</a>
ICI – State 2017 Program Fact Sheet	<a href="http://etf.wi.gov/publications/et8918.pdf">http://etf.wi.gov/publications/et8918.pdf</a>
ICI State Booklet	<a href="http://etf.wi.gov/publications/et2106.pdf">http://etf.wi.gov/publications/et2106.pdf</a>
ICI – Local 2017 Program Fact Sheet	<a href="http://etf.wi.gov/publications/et8931.pdf">http://etf.wi.gov/publications/et8931.pdf</a>
ICI Local Booklet	<a href="http://etf.wi.gov/publications/et2129.pdf">http://etf.wi.gov/publications/et2129.pdf</a>

The ICI Plan is authorized under Chapter 40 of the Wisconsin Statutes. Chapter ETF 50 of the Wisconsin Administrative Code and the ICI Plan language (State and Local) regulate the ICI Plan.

The Group Insurance Board (Board) has statutory authority for the ICI Plan, and the Department is responsible for administration. The Board contracts with a third party administrator (ICI TPA) for a range of functions including customer service, enrollment, claims processing, recordkeeping and program administration.

## ICI

State of Wisconsin employees and local government employees may be covered by the ICI Plan if they have elected to participate. An employee who does not enroll in ICI when first eligible may enroll at a later date by submitting medical evidence of insurability. The State ICI Plan also allows an employee deferred enrollment opportunities based on reaching certain thresholds of accrued sick leave.

Table 1 provides ICI data from the past five years.

Table 1. ICI Applications and Claims Data

YEAR	Initial and Deferred Applications	Evidence of Insurability Applications	State ICI New Claims	Local ICI New Claims	Total Number of ICI Claims with At Least One Payment in the Calendar Year
2017	9608	283	1413	129	2664
2016	11,083	364	1434	149	2793
2015	9356	292	1581	137	2733
2014	7979	318	1645	118	2826
2013	8313	266	1648	130	2755

ICI provides replacement income of up to 75% of the employee's earnings for both short-term and long-term disabilities which are considered short-term in nature, as well as those which may last for an extended time period. Benefits normally end at age 65. However, depending on the employee's age at the time disability commences, the plan may continue disability payments until age 70.

ICI benefits may not duplicate benefits available from State, Federal or employer-sponsored programs (regular or disability retirement, separation benefits, Long-Term Disability Insurance (LTDI) benefits, and duty disability benefits through the Wisconsin Retirement System, Social Security regular or disability benefits, Unemployment Compensation, Worker's Compensation, earnings, etc.). ICI supplements those programs to provide a specified level of disability income. ICI also provides for reduced income offsets for claimants participating in an approved rehabilitative training plan for returning to employment (educational or on the job training).

There are approximately 47,854 ICI insured employees working at 59 State of Wisconsin agencies. There are approximately 8,431 ICI insured employees working at 245 local government employers.

## Annual Process

On an annual basis, medical and financial information from recipients of ICI, LTDI and/or Wis. Stats. §40.63 (Disability Annuities) benefits is gathered and reviewed by the ICI TPA. The review ensures disabled recipients continue to meet the disability and income criteria. The ICI TPA will also be responsible for processing the State ICI enrollment applications received during the annual deferred enrollment period (See Table 1).

Table 2 provides a five-year history of accounts reviewed (annually) for supporting medical and financial information. Note the history does not include the medical evidence that is gathered for continued payment of ICI benefits.

Table 2. Number of Claims Reviewed for Medical and Financial Information

YEAR	Annual Earnings Statements (ICI long-term LTDI and 40.63 disability annuities benefits)	Annual Medical Recertification (LTDI and 40.63 disability annuities benefits)
2017	4922	375
2016	4133	378
2015	5210	424
2014	4786	375
2013	4591	325

## Current ICI TPA

The current ICI TPA, The Hartford, employs thirteen full-time customer service employees and one half-time employee to service the ICI Plan. All staff, with the exception of half-time employees, are located outside of Wisconsin. The half-time staff employee is assigned to the Department's office in Madison and is responsible for imaging the disability documentation. In addition, the current ICI TPA has budgeted five administrative positions (Account Executive - .2 FTE, Manager - .05-.1 FTE, Administrative Assistants - .25 FTE) that are less than full time to provide managerial and administrative support to the case managers who work on the ICI claims. Also, included are non-budgeted employees who assist staff depending on seasonal deliveries and issues (VP of Operations and Director - .03 FTE, IT - .25 FTE, BSA - .25 FTE, Reporting Pool - .1 FTE and Back Up Staff - .2 FTE).

## **2 AUDIT REQUIREMENTS**

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the agreed upon procedures (AUP) audit of the ICI TPA's level of performance and compliance with the requirements of the [ICI TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department.

## 2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS

The Proposer will be responsible for determining whether the requirements of the ICI TPA Contract have been met by the ICI TPA. The Proposer must demonstrate their ability to audit the following areas of the contract:

1. Enrollment testing to ensure applications are complete and processed consistently per the Department's defined procedures.
2. Claim determinations and claim payments (all components: intake, maintenance, case management, closure)
  - Test to ensure proper approval of claims, adequate supporting documentation, proper payment, application of offsets and identification of overpayments, if applicable.
  - Test to ensure that claims are denied for valid reasons, properly communicated to the participant and adequately documented.
3. Calculation and recovery of overpayments
4. Recordkeeping
5. Periodic reporting
6. Monthly claim funding reports
7. Confidentiality compliance
8. Internal control/process review

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

## 2.2 FREQUENCY AND DUE DATES

The initial audit would be performed in the second quarter of 2021 covering the period of 1/1/2018 through 12/31/2020. Subsequent audits are expected to be every three years or on a triennial basis thereafter. The Income Continuation Insurance Program's ICI TPA compliance audit shall be conducted pursuant to this proposed timeline unless the parties agreed upon another timeline.

Step	Timeline
Entrance conference	February
Contractor/Auditor sends request for plan documents (plan contracts, policies, processing instructions, etc.) to Department	1 <sup>st</sup> week of March
Department provides plan documents to Contractor/Auditor	Prior to the end of March
Contractor/Auditor sends request for claim and other data from ICI TPA.	Prior to the end of April
ICI TPA provides claim data to Contractor/Auditor	Mid May
On-site testing of claim files & activity, resolve exceptions with ICI TPA/Department staff	Mid May

File reviews; report draft and finalization	July
Exit Conference (if needed)	August

### **2.3 LOCATIONS**

The ICI TPA contract audit shall be conducted at the Department located in Madison, WI.

The audits may require review on the ICI TPA's premises and/or at the Department at a time mutually agreeable to the ICI TPA, auditor, and the Department.

**Appendix 10**  
**PROGRAM OVERVIEW and AUDIT REQUIREMENTS**  
**LIFE INSURANCE PROGRAM**  
**ETH0044**

**1 PROGRAM OVERVIEW**

The Wisconsin Public Employers Group Life Insurance Program (the Program) is a benefit provided under the Wisconsin Retirement system and is available to employees of the State of Wisconsin and employees of participating Wisconsin local government employers. The Program is governed under Chapter 40 of the Wisconsin State Statutes, Wisconsin Administrative Code and the life insurance policy between the Wisconsin Group Insurance Board and Securian Financial Group, Inc. (Securian). The Wisconsin Group Insurance Board and Securian are the policyholders and responsible for program oversight. The Wisconsin Department of Employee Trust Funds (Department) has overall responsibility for administration of the Program. Securian and its affiliate, Minnesota Life, underwrite and assist the Department with administration of the Program.

The group life insurance plans provide term life insurance for State for Wisconsin employees and for local government employees whose employer elects to offer the plan. While the State and local government plans have historically been very similar in both benefits and premiums, the two plans have always been financially independent of one another.

The plans provide term life insurance for both active and retired employees. Employees may also insure their spouses and dependent children. As of December 31, 2017, 83,443 State employees participate in the plan. There are 738 Local Government employers who offer the plan to a total of 119,558 Local Government employees. There are also 55,806 State employees and Local Government employees who have spouse and dependent coverage. Minnesota Life Insurance Company is the plan administrator (Life TPA). The Life TPA functions are divided between the MLIC home office in St. Paul, MN and the Madison branch office in Fitchburg, WI, and the Department.

**II. Historical Development and Statutory Authority**

**A. Basic Insurance**

Basic insurance coverage, authorized by Wis. Stats. § 40.72(1), is equal to an employee's annual earnings for the prior calendar year (as reported to WRS) rounded to the next highest thousand dollars. Wis. Stats. § 40.05(6)(a) limits the premium rate for an employee to no more than \$.60 monthly for each \$1,000 of insurance. Employees and employers share the premium cost of basic insurance. Basic coverage also includes a post-retirement benefit in a reduced amount.

**B. Accidental Death and Dismemberment (AD&D)**

AD&D coverage was added to the basic insurance in 1969. AD&D coverage is equal to an employee's insurance under the basic, supplemental, and additional coverages.

### **C. Supplemental Insurance**

Supplemental insurance, authorized by Wis. Stats. § 40.72(10) was added to the State plan in 1974 and the local plan in 1984. State employees and the State share the premium cost of the pre-retirement insurance. Prior to July 1, 1995, local employers were required to pay an amount equal to at least 20% of the total premium for supplemental coverage. Effective July 1, 1995, local employers are not required to contribute toward the premiums for supplemental insurance.

### **D. Additional Insurance**

Additional insurance was added by insurance policy rider to the State and local plans in 1984. There are no statutory limits on premium rates for this insurance and employees must pay the entire premium cost. There is no post-retirement benefit; however, an employee who continues in active employment beyond age 70 may continue this coverage by continuing to pay premiums.

In 1998, two more units of Additional coverage were made available to State employees and to local employees whose employer files a resolution to offer the coverage. Employees may elect one, two, or three levels of Additional coverage.

### **E. Spouse and Dependent Coverage**

Spouse and dependent coverage, available to active employees under age 70, was first offered to State employees in 1981 and local employers in 1983. The amount of coverage at that time was \$5,000 for an insured spouse and \$2,500 for each dependent child. In 1988, a second optional unit of coverage was introduced, allowing an employee to double the amounts of insurance by paying an additional monthly premium.

The spouse and dependent plan benefits and premiums for the State and local plans were identical for several years. Through the early 90's, the financial experience of the State and local plans fluctuated causing differences in benefit levels and premium. Effective July 1, 1996, the coverage for both the State and local plan became the same--\$10,000 per unit for spouses and \$5,000 per unit for each dependent.

## **III. Innovative Benefits**

### **A. Living Benefit**

In 1992, a living benefit rider was added to the plan. The living benefit provision allows an insured employee, retiree, spouse or dependent to receive the proceeds of his or her life insurance coverage while still living if diagnosed with a terminal condition caused by illness or injury and have a life expectancy of 12 months or less.

## **B. Life to Health or Long-Term Care Option**

This option, authorized by Wis. Stats. § 40.72(4r) enables persons insured at the post-retirement amount under the plan to convert the present value of that coverage to pay premiums for health or long-term care insurance plans offered under subchapter IV of Chapter 40, Stats. Administrative Rule ETF 60.60, effective in 1995, establishes procedures to implement this statute.

## **IV. Premiums**

### **A. Premium Structure Until 1995**

Premiums are established annually by the GIB, based on the recommendations of the Insurer. Historically, employee premium rates were designed to pay the cost of current coverage for active employees (i.e. preretirement insurance). Employer premium contributions were designed to fund the cost of post-retirement insurance, calculated as a percentage of active employee premiums. As premium rates fell in the basic and supplemental plans, the effect of the employer subsidy of the premium rates became more evident. Premium rates in the supplemental plan were substantially below the basic plan rates, even though all insured employees must enroll in the basic plan in order to be eligible for supplemental plan coverage. The rate disparity was due to the employer subsidy structure put in place when the plan was instituted in 1974.

### **B. Current Premium Structure**

In 1995, changes in the premium structure were implemented in both the State and local plans. These changes were intended to simplify the plan for both the employer and the employees and to recognize differences in environmental circumstances and claims experience of the local government and State plans. In both plans, the changes simplify the plan for both employers and employees and increased its attractiveness to employees. The following is a summary of the changes.

#### **B.1 Separate experience rating for State and local plans.**

The local plan and the State plan are experience-rated separately. In the past, portions of the plans have been rated together. Because the populations and the experiences in the two plans are often quite different, this approach has produced some distortions in premium rates on both sides. The plans were deemed large and stable enough to be rated independently.

#### **B.2 State employer subsidy shifted back to basic plan.**

A premium rate structure was implemented in the State plan to shift the employer subsidy back to the basic life insurance plan and to equalize the premium rates in the basic and supplemental



plans for each age category. The State reduced its premium contribution toward supplemental insurance to 35% of employee premium and increased its contributions toward basic insurance to 63% of employee premium. At the same time, employee premiums for basic insurance were decreased while employee premiums for supplemental insurance were increased. Effectively, the State began paying a portion of the cost of preretirement basic insurance coverage, which previously was covered totally by employee premiums.

**B.3 Simplification of premium schedule for local plan.**

The premium schedule was simplified in the local plan by setting employee premiums for supplemental and additional coverages equal to the basic premium. The employer's contributions for the basic plan with 50% reduced benefits at ages 66 and later is 40% of employee contributions. For the plan with a benefit reduction of 25% at age 67 and later, the contribution is 20% of employee contributions.

**B.4 Local plan employers not required to contribute to supplemental coverage.**

Prior to 1995, local government employers were required to contribute toward the cost of supplemental coverage. Very few local employers elected the supplemental plan, presumably because the required employer contribution precludes collective bargaining on this benefit. Employers now have the option of offering levels of coverage over and above the Basic plan without increasing their fringe benefit cost

**C. Changes to Funding Arrangements**

Beginning with the 2008 policy year, the experience calculation for both the State employee plan and the local employee plan is split between active employees and retirees. See [Appendix D](#) of the current Life TPA contract for the current funding arrangements.

## **2 AUDIT REQUIREMENTS**

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the contract compliance or agreed upon procedures (AUP) audit of the Life TPA's level of performance and compliance with the requirements of the [Life TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor's examination and review of activities performed during the audit period.

### **2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS**

The Proposer will be responsible for determining whether the requirements of the Life TPA Contract have been met by the Life TPA. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

1. Plan administration (for both State and Local Government plans)
2. Adequacy of internal controls
3. Record-keeping
4. Stop loss limits
5. Enrollment and eligibility
6. Premium billing and collection
7. Reporting
8. Reserve accumulations
9. Claims processing and payments
10. Billings for administration
11. Privacy policies and practices
12. Assessment of the valuation fund

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

## **2.2 FREQUENCY AND DUE DATES**

The initial audit is tentatively scheduled to start in the first quarter of 2020 and will cover plan year 2019. Subsequent audits are expected to be annual audits that occur every other year.

## **2.3 LOCATIONS**

Currently, the Life TPA is Minnesota Life Insurance Company (MLIC) based in St. Paul, Minnesota. MLIC also has a branch office in Fitchburg, Wisconsin. The audits may require review on the Life TPA's premises and/or at the Department at a time mutually agreeable to the Life TPA, auditor, and the Department.

**Appendix 11**  
**PROGRAM OVERVIEW and AUDIT REQUIREMENTS**  
**UNIFORM DENTAL PROGRAM**  
**ETH0045**

**1 PROGRAM OVERVIEW**

Since 2016, the dental benefit (referred to as the Uniform Dental Benefit) has been administered by a third party. The Uniform Dental Benefit design is determined by the Group Insurance Board (GIB). Details of the benefits are listed in Table 1.

Uniform dental coverage is only available to employees, continuants, or retirees who also enroll in health insurance through the State of Wisconsin Group Health Insurance Program. The same level of coverage is required for the medical and uniform dental coverage. For example, an employee who enrolls in family medical coverage and wants uniform dental coverage must enroll in family dental coverage. Employees who do not elect health insurance may not enroll in Uniform Dental coverage.

Local government employers must file a resolution to participate in the Group Health Insurance Program; employers who do may also elect Uniform Dental coverage for their employees.

There are currently 255,868 active state employees and 192,508 retirees who are eligible to receive Uniform Dental Benefits. 1,812 local government employees and retirees known as Wisconsin Public Employers (WPE) participate in the Uniform Dental program.

**Table 1: Background Information**

Technical Requirements	Web Address
Wisconsin Administrative Code: Chapter 11 ETF Appeals	<a href="http://docs.legis.wisconsin.gov/code/admin_code/etf/11">http://docs.legis.wisconsin.gov/code/admin_code/etf/11</a>
Wisconsin Office of the Commissioner of Insurance (OCI) website	<a href="https://oci.wi.gov/">https://oci.wi.gov/</a>
State Employee It's Your Choice Reference Guide 2018: Uniform Dental Benefits Section	<a href="http://etf.wi.gov/members/IYC2018/et-2107epa.asp">http://etf.wi.gov/members/IYC2018/et-2107epa.asp</a>
Current Uniform Dental Provider Contract	<a href="https://etfonline.wi.gov/etf/internet/RFP/DentalBenefits/ETE0020_Delta_Dental_contract.pdf">https://etfonline.wi.gov/etf/internet/RFP/DentalBenefits/ETE0020_Delta_Dental_contract.pdf</a>
Current Uniform Dental Provider Information	<a href="http://www.deltadentalwi.com/state-of-wi">http://www.deltadentalwi.com/state-of-wi</a>
Uniform Dental Benefits Certificate of Coverage	<a href="http://etf.wi.gov/members/IYC2018/et-2107udb.asp">http://etf.wi.gov/members/IYC2018/et-2107udb.asp</a>

## 2018 Uniform Dental Enrollees as of 7/1/18

Regular State (non-Medicare)	59,947
Medicare Eligible	18,505
Retirees	4,186
Graduate Assistants	6,174
Wisconsin Public Employee (WPE) Local (Non-Medicare)	1,668
WPE Local Medicare Eligible	82
WPE Local Retiree	66
<b>90,628 Total</b>	

## 2017 Claims by Coverage Category for State Uniform Dental

Coverage Category	Procedures Billed	Amount Paid
Diagnostic	423,948	\$20,081,922
Preventive	295,434	\$18,293,078
Routine Fillings	100,404	\$11,241,297
Oral Surgery	18,833	\$0
Endodontics	4,955	\$0
Periodontics	25,955	\$1,859,233
Crown/Onlays	20,763	\$0
Bridges/Dentures	7,036	\$0
Orthodontics	22,901	\$2,873,288
<b>Total</b>	<b>920,229</b>	<b>\$54,348,818</b>

## State Employee Contracts

Non-Medicare Employee Contracts	
Single	21,151
Family	38,915
Total Contracts	60,066

Medicare Eligible Contracts	
Single	10,346
Family	8,175
Total Continuant Contracts	18,521

Retiree Contracts	
Single	2,645
Family	1,549
Total Retirees Contracts	4,194

Graduate Assistant Contracts	
Single	4,852
Family	1,416
Total Graduate Assistant Contracts	6,268

## Local Employee Contracts

WPE Local (Non-Medicare)	
Single	455
Family	1,209
Total Continuant Contracts	1,664

WPE Local Medicare Eligible	
Single	45
Family	38
Total Continuant Contracts	83

WPE Local Annuitants	
Single	36
Family	29
Total Continuant Contracts	65

## 2 AUDIT REQUIREMENTS

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the contract compliance or agreed upon procedures (AUP) audit of the Dental TPA's level of performance and compliance with the requirements of the [Dental TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor's examination and review of activities performed during the audit period.

### 2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS

The Proposer will be responsible for determining whether the requirements of the Dental TPA Contract relating to the following compliance and performance items that may be applicable from the Dental TPA Contract have been met by the Dental TPA. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

- a) Claims processing and reimbursement
- b) Enrollment and eligibility activities
- c) Occurrences of lapses in coverage
- d) Denied claims
- e) Irregular/duplicate payments
- f) Grievances

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

### 2.2 FREQUENCY AND DUE DATES

The initial audit will be initiated before the end of the second quarter 2019 and completed before the end of the third quarter 2019. The audit will cover Uniform Dental Insurance Program for calendar years 2016, 2017, and 2018. Subsequent audits will be completed by the fourth quarter biennially (i.e. the audit completed by the end of the fourth quarter in 2021 will cover Uniform Dental Insurance program activity for calendar year 2019 and 2020; the audit completed by the end of the fourth quarter in 2023 will cover Uniform Dental Insurance Program for calendar year 2021 and 2022).

### 2.3 LOCATIONS

The current Dental TPA is Delta Dental of Wisconsin located at 2801 Hoover Road Stevens Point, WI 54481. Delta also has an office located at 1233 North Mayfair Road, Suite 204, Milwaukee, WI 53226. The audits may require review on the Dental TPA's premises and/or at the Department at a time mutually agreeable to the Dental TPA, auditor, and the Department.

**Appendix 12**  
**PROGRAM OVERVIEW and AUDIT REQUIREMENTS**  
**WELLNESS AND DISEASE MANAGEMENT PROGRAM**  
**ETH0046**

## **1 PROGRAM OVERVIEW**

### **1.1 CURRENT STATE AND BACKGROUND**

Currently, there is no contract auditor for the wellness and disease management contract.

#### **1.1.1 Health Insurance Program**

The Group Health Insurance Program (GHIP)/ Wisconsin Public Employer (WPE) programs are primarily fully insured health plans administered by the Department and 10 contracted health insurers for the employees of 58 State agencies, the State of Wisconsin Legislature, the University of Wisconsin (UW) System, the University of Wisconsin Hospital and Clinics, 368 local government employers, retirees, and dependents. The GHIP/WPE programs make up one of the largest health plan groups in Wisconsin, spending \$1.4 billion in health insurance premiums annually.

#### **1.1.2 Well Wisconsin Program Overview**

The Board implemented a uniform wellness incentive program, known as the Well Wisconsin Program, starting in 2014 as part of the health plan contract. Individual health insurers were the primary administrators of the Well Wisconsin Program through 2016. They issued a \$150 incentive to participants upon the completion of a health screening (onsite at employer/public locations or at their doctor's office) and a health assessment (questionnaire).

In November of 2015, the Board's benefit consultant, Segal Consulting (Segal), presented a report containing analysis of the current GHIP/WPE programs and recommended strategies for program design that would contain future cost increases and improve health outcomes while increasing the efficient delivery of quality health care to members. A significant component of the report was a recommendation for a Total Health Management model that included driving engagement in wellness and disease management programming. As a result, the Board approved solicitations for a third-party administrator (TPA) of wellness and disease management programs in 2016. A link to Segal's report and a link to the implementation memo can be found in Table 2 Background Information. The Board signed a two-year contract (renewable for up to a total of six years) with a Wellness TPA to administer the wellness and disease management program (Well Wisconsin Program) starting on January 1, 2017.

The Wellness TPA continued issuing a \$150 incentive to participants who completed a health screening and health assessment in 2017.

The current (2018) Well Wisconsin Program requires participants to complete a third step to earn their incentive. To earn and redeem a \$150 gift card, they must complete a health screening, health assessment, and at least one well-being activity through the Wellness TPA. The 2018 well-being activity options include: Million Steps Challenge, Self-Directed



Coaching, Daily Dash, 21-Day Meditation Experience, Health Coaching, Disease Management, and Health Benefits and Preventive Care Quiz.

### 1.1.3 Well Wisconsin Program Eligibility and Participation

The Well Wisconsin Program is available to the primary GHIP/WPE health insurance subscriber and their enrolled spouse. The Program is available to active employees and annuitants, excluding those annuitants enrolled in a Medicare Advantage plan. The Well Wisconsin Program is available to approximately 163,400 members. Eligibility coincides with effective health insurance coverage dates.

Overall participation rates in the program have been as follows:

- 13% in 2014 and 2015
- 15% in 2016
- 26% in 2017

### 1.1.4 Well Wisconsin Program Expenses

The program expenses are covered via an administrative fee that is included in each health insurance contract rate. Participants do not pay any additional fees for participation in any of the services provided.

### 1.1.5 Health Screenings

The Wellness TPA provides health screening events for every employer who requests one within the allowable program year (2/1/18 – 10/12/18) if the request is received by the Wellness TPA at least 60 days prior to the event date. Employers are expected to only request an event if they believe they will have at least 20 participants.

The Wellness TPA must also have a process for those individuals who participate in a health screening at their physician's office. Participants must be able to submit proof of participation via a Health Care Provider Form.

In 2017, 308 screening events were held at employer locations throughout the state with a total of 21,308 participants screened. 21,885 health care provider forms were processed.

There have been 366 screening events scheduled to date in 2018.

### 1.1.6 Web-portal

The Wellness TPA must develop and maintain a user friendly, tailored, engaging and secure web-portal that is available continuously (with the exception of scheduled maintenance) for participants to access program resources, complete incentive program requirements, and engage in other health-promoting activities.

The web-portal must include a tracking system for participants to identify their incentive program completion status and redeem their \$150 gift card.

The Wellness TPA must develop and administer an easy-to-complete, evidenced-based health risk assessment via the web-portal that measures the Department's population's modifiable health risk behaviors, stratifies risk, and identifies willingness to change behaviors.

### **1.1.7 Health Coaching and Disease Management**

The Wellness TPA must provide an engaging and effective disease management program that is compatible with the uniform benefits offered by the GHIP/WPE programs, and uses program and pharmacy data. Programs are available for the following conditions: asthma, diabetes, chronic obstructive pulmonary disease, coronary artery disease and congestive heart failure.

They must also offer telephonic health coaching services to participants who are interested. The following lifestyle management programs are currently available: weight management, nutrition, physical activity, stress management, tobacco cessation, back and ergonomic care, cholesterol management, and blood pressure management.

### **1.1.8 Program Communications**

The Wellness TPA is responsible for marketing and promoting the wellness and disease management programs to eligible members. These include electronic and mailed communications that may be sent to the entire eligible population or may be targeted based on health outcomes, participation status, or other demographic identifiers.

### **1.1.9 Customer Service**

The Wellness TPA provides a toll-free customer service line and email dedicated to the GHIP/WPE programs. The customer service department responds to Participants' inquiries regarding topics including but not limited to: program information, forms, portal account creations or login assistance, incentive program completion status, and complaints.

The volume of calls from participants currently averages about 500 per week but increases during points of communication and outreach by the Wellness TPA and as the incentive deadline approaches. The Wellness TPA documents all pertinent call details, including which participant called, and classifies the types of inquiries received. Call activity is reported to the Department monthly.

The current customer service hours are Monday through Thursday from 8a.m. – 8 p.m. CST, Fridays from 8 a.m. – 6 p.m. CST and Saturdays from 8 a.m. – 1 p.m. CST.

The Wellness TPA conducts a customer satisfaction survey and reports the findings to the Department quarterly.

### **1.1.10 Data Transfer**

The Wellness TPA must accept and load a daily 834 eligibility file from the Department to identify who is eligible to participate in the wellness and disease management program.

The Wellness TPA shares participant wellness and disease management data with participants' respective health plans and with the Department's data warehouse/visual business intelligence vendor IMB Watson Health (formerly Truven Health Analytics, LLC). The Wellness TPA must also accept data from the health plans, pharmacy benefit manager, and other vendors as identified by the Department.

The Wellness TPA also submits a file to the Department which identifies members who redeemed a \$150 gift card.

### 1.1.11 Program Evaluation and Reporting

The Wellness TPA must evaluate and report on program engagement rates, impact on health outcomes and program costs.

### 1.1.12 Additional Background Information

Table 1 (below) provides links to additional background information. This information is provided to assist the Proposer in completing an RFP response.

**Table 1 Background Information**

Background	Web Address
Well Wisconsin Program Website	<a href="https://wellwisconsin.staywell.com">https://wellwisconsin.staywell.com</a>
Information about the GHIP/WPE programs	<a href="http://etf.wi.gov/publications/et8902.pdf">http://etf.wi.gov/publications/et8902.pdf</a>
Benefit Consultant November 10, 2015 Report to the Board	<a href="http://etf.wi.gov/boards/agenda-items-2015/qib1117/item3ar.pdf">http://etf.wi.gov/boards/agenda-items-2015/qib1117/item3ar.pdf</a>
Office of Strategic Health Policy February 9, 2016 Memo to the Board for Implementation of Benefit Consultant Recommendations	<a href="http://etf.wi.gov/boards/agenda-items-2016/qib0217/item5c.pdf">http://etf.wi.gov/boards/agenda-items-2016/qib0217/item5c.pdf</a>

## 1.2 FUTURE STATE: WELLNESS AND DISEASE MANAGEMENT SCOPE AND OBJECTIVES

To contain future cost increases and to improve the health of Members, the Department and the Board sought an innovative Wellness TPA with a proven track record and capabilities to seamlessly service an account the size of the State's program and its location diversity. The Wellness TPA administers the current Well Wisconsin incentive program and is a strategic partner in implementing the Total Health Management model presented by Segal to the Board in November of 2015. Complex care management programs will continue to be a component of the health plan contracts with the Board, but the Department sees the value in being able to provide disease management coaching, education and resources at the time of engagement with the Well Wisconsin program, and on an on-going basis. This, along with a future medical benefit designed to support and incent active health management by the individual, providers and health plans, will lead to improved health outcomes and impact future costs.

At this time, the following phased-in approach for wellness and disease management programs is anticipated.

#### **Phase 1 (Current)**

Administration of the current Well Wisconsin incentive by a single Wellness TPA, improving the consistency of program promotion and the Member experience.

Greater ability to use data for evaluating the program's design and impact.

Improved ability to offer engaging follow-up services and ongoing wellness and disease management support to Members.

#### **Phase 2**

Implement enhanced financial incentives and other strategies to increase program participation.

Increase the opportunity to engage moderate to high risk Members in disease management programs.

**Phase 3**

Implementation of Segal recommendation of the Total Health Management model, expanding wellness and disease management programs, in conjunction with benefit and health plan contract design.

## 2 AUDIT REQUIREMENTS

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the contract compliance or agreed upon procedures (AUP) audit of the Wellness TPA's level of performance and compliance with the requirements of the [Wellness TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor's examination and review of activities performed during the audit period.

### 2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS

The Proposer will be responsible for determining whether the requirements of the Wellness TPA Contract have been met by the Wellness TPA. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

- 1 Participant record-keeping, such as:
  - 1.2 Portal accounts
  - 1.3 Customer service records
- 2 Security of data systems and participant privacy policies/practices including, but not limited to data sharing with third party vendors and subcontractors.
- 3 Incentive processing and payments regarding the following:
  - 3.2 Accuracy
  - 3.3 Timeliness
  - 3.4 Duplicate payments
- 4 Accuracy of reports on performance measures
- 5 Program billing
- 6 Other contract requirements and internal control reviews as needed.

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

### 2.2 Frequency and Due Dates

The initial audit will be performed by June 30, 2019 during which the time period of 1/1/17 through 12/31/18 will be audited. Subsequent audits are expected to occur biennially thereafter.

### 2.3 Locations

The current Wellness TPA is StayWell, located in St. Paul, Minnesota. The audits may require review on the Wellness TPA's premises and/or at the Department at a time mutually agreeable to the Wellness TPA, auditor, and the Department.

# Appendix 13

## PROGRAM OVERVIEW and AUDIT REQUIREMENTS

### DATA WAREHOUSE/VISUAL BUSINESS INTELLIGENCE SERVICES

#### ETH0047

## 1 PROGRAM OVERVIEW

### 1.1 BACKGROUND INFORMATION

Currently, there is no contract auditor for the data warehouse/visual business intelligence (DW/VBI) contract.

On March 1, 2017, the Group Insurance Board (Board) signed a contract with IBM Watson Health (previously known as Truven Health Analytics, LLC) (DW/VBI vendor) to administer a data warehouse and business intelligence (DW/VBI) solution for the State Employee Group Health Insurance Program (GHIP) and Wisconsin Public Employer (WPE) Health Insurance Program. The data warehouse includes enrollment data submitted by the Department, claims and provider data submitted by the programs' health and dental plans, claims data from the pharmacy benefits administrator, and wellness data submitted by the program's wellness administrator. A total of 22 data submitters were initially identified and data from most submitters goes back to 2014. During implementation, the Department added an additional data submitter to enhance the data available about health care providers in Wisconsin.

The initial term of the DW/VBI vendor contract is from March 1, 2017 through December 31, 2018, but the contract allows for 2, 2-year extensions, which have to be approved by the Board. At its November 2017 meeting, the Board approved one, two-year extension of IBM's contract from January 1, 2019 through December 31, 2020 with 1, 2-year extension remaining.

Technical contract requirements are outlined in Appendix 10 of the original DW/VBI RFP, as well as the DW/VBI vendor's proposal, and the negotiated terms, as well as any additional agreed upon amendments. See [DW/VBI vendor contract](#) for order of precedence of these documents.

Data specifications for data submitters initially provided with the contract have been modified throughout the implementation process. Current specifications include:

[Functional Specification Medical](#)

[Functional Specification Dental](#)

[Functional Specification Provider](#)

[PBM Claims Extract](#)

[Wellness Biometric Screening Data Export File Format](#)

[Wellness HA Export](#)

[Wellness Standard Disease Management Export File Layout](#)

[Wellness Standard LM Export File Layout](#)

The first phase of implementation went into production in May 2018. This included deployment of the data warehouse and query tool that included enrollment data and medical and pharmacy claims data from 2014 through 2017, dental claims data from 2016 through 2017, and wellness data from 2016 through 2017. Three of the health plans were not included in this phase because they did not meet the deadlines for submitting their data for testing. It also included establishment

of the process for data submissions. Since the initial implementation, data submitters have provided more recent data through monthly updates.

Phase two of implementation went into production in the third quarter of 2018. Phase two included an update of the data warehouse to include claims data from the three remaining health plans and provider enrollment data. Phase two also includes deployment of IBM's Dynamic Health Insights, an interactive business intelligence tool available to general users as well as customized dashboards.

Phase three is also expected to be delivered in the third quarter of 2018 and includes various analytic projects; predictive modeling, assess and improve treatment compliance and health outcomes via benefit design modifications, evaluate potential member, provider, and safety outcome interventions, analyze high cost utilizers, low cost utilizers, and non-utilizers for potential outreach and intervention, and explore the implementation and integration of data from electronic medical records into the data warehouse for enhanced population health management analysis.

At the Department, the DW/VBI solution is overseen by the Department's Data Governance Council (Council). The Council provides oversight and governance to implement and operationalize the data warehouse including alignment with procedures and processes supporting the Department's data (including outside vendors/providers).

The Council is comprised of leaders from across functional areas of the Department. Its primary focus is on; data usage, planning, security, key decisions, issues identification and resolution, guiding principles, decision escalation/recommendations on policies and procedures, and driving quality and consistency. The Council also focuses on cross-functional alignment, education, and communications.

## 1.2 CONTRACT GOALS

The goal in selecting IBM Watson Health as the DW/VBI vendor was to select an innovative vendor to be a strategic partner that would provide a DW/VBI solution that would help the Department and the Group Insurance Board contain future cost increases and improve the health of participants of the GHIP/WPE programs. The DW/VBI solution would lead to improved health outcomes and impact future costs by supporting a variety of uses that would include, but not be limited to, measuring and analyzing:

- **Medical and Pharmacy Quality Adherence** – To measure and evaluate preventive service compliance, compliance with standards of care, and prescription drug adherence.
- **Health Management and Wellness Program Design** – To perform analyses that support wellness design, including health risk assessment data analysis, chronic conditions profiling, and program design modeling.
- **Benefit Design and Network Management** – To identify and evaluate services that support design effectiveness, network performance, cost sharing strategies, and vendor management.
- **Provider and Facility Quality** – To evaluate and compare quality and efficiency at the provider, provider group, or facility level.
- **Plan Performance and Contract Adherence** – To evaluate and monitor targeted performance guarantees, conduct discount analysis, and review payment accuracy.
- **Financial Management** – To measure and analyze the aspects of a health plan that are related to budgets, forecasts, rate setting, and reporting.



Healthcare system performance improvement requires the availability of comprehensive data. As such, the Department requires additional information to understand the quality of care subscribers and their dependents receive, how much variation there is in healthcare costs and utilization, and what opportunities exist to improve the health and healthcare of employees.

The blended clinical and administrative data from multiple sources will support the Department's ability to obtain a more complete picture of the health of health plan members, the care delivered to the members, and the associated costs. Analysis of this data will provide a better understanding of the burden of chronic conditions, health issues of aging populations, and other population health issues that impact healthy communities for employers and their employees.

The combined data will also permit the creation of actionable information based on outcomes and process-based performance measures, as well as supporting the translation of evidence into practice, informing policy, and the development of new methodologies to pay for improved health outcomes.

### **1.3 DW/VBI VENDOR REQUIREMENTS**

Here is a summary of the DW/VBI vendor requirements. Other requirements are specified in Appendix 10 of the RFP.

1. Be a partner to the Department and the Board in analyzing data and trends to lead to data driven program design and development decisions.
2. Maintain a secure hosting environment to provide required services.
3. Integrate eligibility, claims, biometric, provider, disease management, and clinical data from a variety of vendors that include, but are not limited to, health plans, pharmacy benefits manager, wellness administrator, and dental administrator.
4. Perform extensive data quality validation, have rigorous data cleansing processes, and have the flexibility to go beyond canned reporting.
5. Develop and maintain a user-friendly, secure web-portal for the Department program administrators and other users.
6. Have application functionality that includes:
  - Dynamic dashboard reporting
  - Scorecards
  - Automated reporting
  - Trend analysis
  - Comparison to comprehensive benchmarks
  - Risk profiling/predictive modeling
  - Analysis of disease severity
  - Analysis of episodes of care
  - Biometric and Health Risk Assessment (HRA) data integration
  - Provider profiling
  - Cohorts/population segmentation
7. Routinely review the GHIP/WPE program data and provide detailed reports and recommendations regarding areas where additional analysis may be warranted, the potential for reduction of costs may be identified, and important trends are identified.
8. Collaborate with key stakeholders on data-driven program strategies.



**Data Reporting/Submission.** All Department contracted data submitting entities (DSEs) are required to submit claims and/or related data to IBM Watson Health in a format prescribed by rules adopted by the Department.

**Privacy.** In coordination and cooperation with IBM, the Department is required to develop and implement procedures to safeguard the integrity and confidentiality of all data collected, maintained, and reported as may be required by applicable State and federal laws and regulations governing the privacy and security of private health information. While the Department users will have access to data in the data warehouse through the query tool provided by IBM, the Department users will not be given access to personally identifiable information (PII).

#### 1.4 DW/VBI VENDOR/IBM WATSON HEALTH’S SOLUTION

The core solution is IBM’s Advantage Suite product, a multi-functional data warehouse which includes a fully integrated architecture. It includes a star schema database designed for large employee benefit organizations. The visual business intelligence solutions include a set of integrated query and reporting tools that interface with the Advantage Suite database. The Advantage Suite solution is a turn-key solution hosted by IBM Watson Health at its data center complex. The Department’s users access system interfaces over a secure Internet connection using a dedicated web portal.

The DW/VBI vendor’s headquarters are located in Ann Arbor, Michigan. Their data centers are located in Dallas, Texas and Sterling, Virginia.

#### 1.5 ADDITIONAL BACKGROUND INFORMATION

The table below provides links to additional background information, in addition to Section 1.3 of the RFP, to assist the Proposer in completing a Proposal.

Title	Web Address
Benefit Consultant November 10, 2015 Report to the Board (See page 98-105)	<a href="http://etf.wi.gov/boards/agenda-items-2015/gib1117/item3ar.pdf">http://etf.wi.gov/boards/agenda-items-2015/gib1117/item3ar.pdf</a>
Department’s Request for Proposal for the Data Warehouse and Visual Business Intelligence Vendor	<a href="https://etfonline.wi.gov/etf/internet/RFP/DataWarehouseRFP1/index.html">https://etfonline.wi.gov/etf/internet/RFP/DataWarehouseRFP1/index.html</a>
Office of Strategic Health Policy February 9, 2016 Memo to the Board for Implementation of Benefit Consultant Recommendations	<a href="http://etf.wi.gov/boards/agenda-items-2016/gib0217/item5c.pdf">http://etf.wi.gov/boards/agenda-items-2016/gib0217/item5c.pdf</a>
Group Insurance Board Update Memo	<a href="http://etf.wi.gov/boards/agenda-items-2018/gib0221/item8a.pdf">http://etf.wi.gov/boards/agenda-items-2018/gib0221/item8a.pdf</a>
Information about the GHIP/WPE programs	<a href="http://etf.wi.gov/publications/et8902.pdf">http://etf.wi.gov/publications/et8902.pdf</a>

## 2 AUDIT REQUIREMENTS

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the contract compliance audit of the DW/VBI TPA's level of performance and compliance with the requirements of the [DW/VBI TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor's examination and review of activities performed during the audit period.

### 2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS

The purpose of the DW/VBI vendor contract compliance audit is to verify that the DW/VBI vendor, currently IBM Watson Health, is complying with the requirements of the contract as defined above and in Appendix 10 of the original DWV/BI RFP (ETG0004/ETG0006), and as modified by the DW/VBI Vendor's proposal and any subsequent contractual amendments.

The DW/VBI RFP requirements in Appendix 10 were written to ensure that the DW/VBI vendor provided a data warehouse and associated methods and tools that embodied industry standard best practices for the secure storage and access of highly sensitive health care related information and that the data contained within it is of the highest quality, meaning it is valid, consistent, accurate, and complete. The requirements were written to ensure that the business intelligence tools and the training delivered to the Department staff to learn those tools would provide the infrastructure to support advanced decision making for the benefit of the Department's members. Finally, the DW/VBI RFP requirements were written so that the DW/VBI vendor and the data warehouse provided high quality, value-added health care analytics and services.

The requirements included in RFP ETG0004/ETG0006 were separated into three separate categories. Mandatory requirements were listed in Appendix 10 – Tab A. Reporting requirements were listed in Appendix 10 – Tab B and Performance Standards were listed in Appendix 10 – Tab C. Mandatory requirements in Tab A fall into the following sections:

- Project Management
- Implementation
- Problem Escalation Plan (PEP)
- Functional
- Privacy and Security
- Hosting
- Maintenance
- Value Added Enhancements
- Visual Business Intelligence
- Training, and
- Escrow

The audit will focus on those mandatory, reporting and performance standard requirements that apply during the operational phase of the contract. In addition, the audit should focus on the quality of the data in the data warehouse (both submitted and derived data) and ongoing operations and controls. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

- Data Validity, Consistency, Completeness, and Accuracy
- Data Security and Privacy Protections
- Restricted Access to Protected Health Information and Personally Identifiable Information
- Source Data Extract, Transformation, and Loading (ETL)

- Training and Documentation for Use by End Users
- User Access and Customer Service
- Incident Response and Disaster Recovery Planning
- Program Change Management
- Data Submission Process, including Working with Data Submitting Entities
- Risk Management

This audit is not expected to duplicate a Service Organization Control (SOC) audit. The DW/VBI vendor is already required to complete a SOC 2 audit by a third party. However, the audit vendor will be expected to review the results of third-party audits as appropriate.

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas during each audit.

## **2.2 FREQUENCY AND DUE DATES**

The initial audit, tentatively scheduled to start in the second quarter of 2019, shall cover the period of October 1, 2018 through March 31, 2019. The second audit will cover calendar year 2020. Subsequent audits are expected to occur every other year thereafter.

## **DELIVERABLES**

The Contract Compliance Auditor shall deliver its audit findings and recommendations within three months of conclusion of the audit period. The Contract Compliance Auditor's report shall include an executive summary as well as a detailed report of its findings and recommendations as well as all detailed documentation that supports the reported findings.

The Contract Compliance Auditor will present its findings and recommendations to the Group Insurance Board, and/or the Audit Committee of the Employee Trust Funds Board at one of its regularly scheduled Board meetings, to be determined by the Department.

## **2.3 LOCATIONS**

The Contract Compliance Auditor and the Department will conduct an official kick-off meeting prior to the start of the initial audit and subsequent audits, which will be held on-site at the Department's location. The kick-off meeting will include a review of high-level audit objectives and scope, outline the audit process and time line, establish communications procedures, reporting and follow-up activities and a discussion of business objectives, risks, and key activities.

The Contract Compliance Auditor and the Department will conduct regularly scheduled check-in sessions no less than once per month until the audit findings are delivered. After that, check-in sessions will occur as needed. Check-in sessions can be held via teleconference. The audits may require review on the DW/VBI TPA's premises and/or at the Department at a time mutually agreeable to the DW/VBI TPA, auditor, and the Department.

**Appendix 14**  
**PROGRAM OVERVIEW and AUDIT REQUIREMENTS**  
**WISCONSIN DEFERRED COMPENSATION PROGRAM**  
**ETH0048**

## **1 PROGRAM OVERVIEW**

### **1.1 WDC BACKGROUND INFORMATION**

The Wisconsin Deferred Compensation Program (WDC) is permitted under Section 457 of the Internal Revenue Code. The WDC was created by the Wisconsin Laws of 1981, Ch. 187 and established in 1982 for State employees. The WDC has been available to local public employees since 1985. Wisconsin Statute Chapter 40, Subchapter VII, Chapter ETF 70 of Wisconsin Administrative Code and the Wisconsin Plan and Trust Document regulate the WDC and set forth the rules and responsibilities of all parties involved with the program.

The WDC is an unbundled deferred compensation program through which over 62,000 public sector employees in Wisconsin have invested over \$4.9 billion, as of December 31, 2017. Please see the WDC Fact Sheet ("[ET-8904](#)") for summary information. The WDC provides eligible employees with the opportunity to set aside a portion of their annual earnings on either a tax-deferred basis or post-tax ("Roth") basis to supplement future retirement income. Federal tax law sets forth certain limitations and restrictions that must be followed including the amount of employee compensation that can be deferred as well as when and how account balances can be distributed. There is currently no minimum per pay period contribution required of a participant. The maximum annual contribution is generally the lesser of the regulatory indexed limitation (\$18,500 as of January 1, 2018, excluding any catch-up amounts) or 100% of adjusted gross compensation.

The Deferred Compensation Board (DC Board) has statutory authority for the WDC and the Department is responsible for all aspects of program administration. The Board contracts with a third-party administrator (TPA or Administrator) for a full range of functions including marketing, customer service, recordkeeping and overall program administration. The current TPA is Empower Retirement, part of the Great-West Life and Annuity Company family of firms. Additional WDC services are provided by other companies within the Great-West family of firms as follows:

- A. investment analysis services for the DC Board: Great-West Financial
- B. advisory services for participants who opt to use the managed accounts service: Advised Assets Group
- C. brokerage services: Financial Administrative Services Corporation

WDC participants have considerable flexibility with their deferred compensation accounts. Participants may defer earnings into any number of investment products that are offered without restrictions as to the number of investment products selected or the number of times deferral amounts may be increased or decreased.

Participants also have unlimited opportunities to redirect future deferral amounts and exchange past deferral amounts to any of the investment products offered by the WDC. Participants may access their WDC account with a touchtone telephone seven days a week, twenty-four hours a day via an automated telephone system as well as by logging in with a password to a protected section of the WDC website at [www.wdc457.org](http://www.wdc457.org). Both systems allow participants to obtain

account balance information as well as current and past performance information for the WDC's various options. Participants can also complete transactions (reallocation of deferrals, exchange existing account balances, etc.) using these systems.

The WDC accepts transfers of assets rolled in from Section 401(a), 401(k), 403(b), and other 457 plans as well as individual retirement accounts (IRAs) and will roll out assets to eligible retirement plans, including other Section 457 plans. WDC participants may use all or a portion of their account balance as direct trustee-to-trustee transfers to a defined benefit governmental plan (as defined in IRC Section 414(d)), including the Wisconsin Retirement System (WRS) to purchase permissive service credit or for the repayment of service credits.

The current financial statement auditor is Coleman & Williams, LTD. To view a recent draft financial statement audit, please go to <http://etf.wi.gov/boards/agenda-items-2018/dc0614/item3.pdf>.

The current contract compliance auditor is Wipfli, LLP. To view a recent contract compliance audit, please go to <http://etf.wi.gov/boards/agenda-items-2018/dc0614/item4r.pdf>.

## **1.2 WDC PROGRAM INVESTMENT PRODUCTS**

By Wisconsin Statute and Administrative Code, the DC Board is responsible for selecting and monitoring the investment options offered by the WDC. The WDC is an unbundled plan, meaning that recordkeeping and investment options are separated. The firm holding the administrative recordkeeping contract does not currently provide any investment options for WDC Program participants.

WDC investment options range from conservative fixed and bond funds to more aggressive mid/small cap and international equity funds. The WDC also offers a self-directed account option through Charles Schwab, an asset allocation service and a managed account service. WDC participants who elect to enroll in the WDC's asset allocation service design and maintain their own diversified investment portfolio for their WDC assets. The managed accounts service is also optional, and Advised Assets Group provides investment oversight. Please refer to the WDC website at [www.wdc457.org](http://www.wdc457.org) for detailed information on WDC investment options.

The DC Board and the Department take a very active role in investment product decisions. The Department assists a separate advisory-only subcommittee of the DC Board, the Investment Committee, in reviewing investment options. The investment performance of current offerings is reviewed at least twice per year and decisions regarding retaining or removing options are based on this review. The DC Board has the final decision-making authority over the removal of investment options from the WDC.

The DC Board determines which investment options will be offered by the WDC. Fixed income or guaranteed principal options are typically selected through a competitive bid process. Mutual fund options are typically selected through a search process by utilizing specific criteria for each option type, as established by the Board. The TPA is responsible for providing expertise to the Board and the Department in the areas of monitoring and evaluating investment companies and products and is required to provide analysis and recommendations regarding retaining, removing and adding investment products.

## **1.3 WDC PROGRAM ADMINISTRATION**

A competitive bid process in 2005 resulted in the selection of Great-West Retirement Services (now known as Empower Retirement) as TPA for the WDC. The TPA is required to provide the following services for the WDC:

- marketing to both employers and employees;
- enrollment;
- customer service;
- investment education to participants;
- data processing;
- recordkeeping; and
- legal, actuarial, accounting and financial investment specialization assistance to the Board and Department.

In addition to State of Wisconsin agencies, boards, commissions and councils that offer the WDC as a benefit to their employees, there are over 900 separate local public employer payroll reporting units that submit records of participant deferrals to the TPA. The TPA's ten local staff in Wisconsin market the WDC to all eligible local government and school district employers and provide training and assistance to participating local public employers' payroll staff on the processing of deferrals and changes to participant accounts.

In addition to customer service for participants and employers, the TPA is also responsible for maintaining participant account records as well as all other recordkeeping functions for the WDC. All investment products are unallocated, which means the investment companies maintain one account only for WDC assets. The TPA maintains all participant records and provides consolidated reporting of all account activity.

The following items from [Exhibit 1](#) of the TPA's Contract are provided as examples of performance standards and reporting requirements found in the Contract that may be examined when the proposer is determining TPA compliance with the Contract:

<b>WISCONSIN DEFERRED COMPENSATION PROGRAM PERFORMANCE STANDARDS AND REPORTING REQUIREMENTS</b>	
<b>WDC Report and Citation in Agreement (Contract citation in parens)</b>	<b>Reporting Requirement Details: From Which Great-West Entity / When Due / Description</b>
1. Quarterly Unallocated Plan Account Reconciliation (Section 2.7.)	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Due 45 days after the end of a quarter.</li> <li>• Includes, at a minimum, the following in a mutually agreed upon format:               <ul style="list-style-type: none"> <li>a) Beginning balance.</li> <li>b) Deposits.</li> <li>c) Withdrawals.</li> <li>d) Ending balance.</li> </ul> </li> </ul>
2. Annual Financial Report (Section 2.8.)	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Empower to provide the Department with a copy of Empower's annual financial report as completed by an independent CPA firm.</li> </ul>
3. Annual Independent Service Auditor's Report (Section 2.9.)	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Empower to provide the Department with a copy of Empower's annual Independent Service Auditor's Report on Management's Description of the Service</li> </ul>



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	Organization's System and the Suitability of the Design and Operating Effectiveness of Controls.
4. Annual Auditor Remittance (Section 2.11.)	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Due 90 days after the end of the calendar year.</li> <li>• \$15,000 from Empower deposited in the Board's account to assist the Board with the cost of the annual financial statements audit report.</li> <li>• Partial years paid on a pro-rata basis.</li> </ul>
5. Strategic Partnership Plan (Section 2.19. C.)	<ul style="list-style-type: none"> <li>• Empower and Board will jointly develop an annual Strategic Partnership Plan (SPP).</li> <li>• Due when calendared at an annual Board meeting.</li> <li>• The approved SPP will contain measurable goals. Performance objectives will be established as mutually agreed upon by Empower and the Board.</li> </ul>
6. Participant Statements (Section 2.23. A.)	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Participant Statements will be mailed within fifteen (15) Business Days of the end of each calendar quarter, or within ten (10) Business Days after receipt of information in good order from third party sources, whichever is later.</li> <li>• Each Participant will receive a statement from Empower of his or her Plan account summarizing all activity for the previous calendar quarter, including, but not limited to: <ul style="list-style-type: none"> <li>a) Beginning and ending balances;</li> <li>b) All transactions processed during the quarter;</li> <li>c) Interest or change in value;</li> <li>d) Fees and/or charges, if applicable;</li> <li>e) Transfers and withdrawals for each of the investment options for the quarter;</li> <li>f) Quarterly personal rate of return on investments;</li> <li>g) Account balance translated into an estimated monthly income amount; and</li> <li>h) Indication of participation in the Self-Directed Brokerage (SDB) Option.</li> </ul> </li> <li>• Such statements will be available on the website for each statement period. Such information shall be available up to the prior eight (8) quarters for Participants electing electronic statement delivery.</li> </ul>
7. Quarterly Plan Review (Section 2.23. C. 1.)	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Due within 45 days of end of quarter.</li> </ul>

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	<ul style="list-style-type: none"> <li>• Provide quarterly information and year-to-date information containing:               <ul style="list-style-type: none"> <li>a) Plan transactions and assets;</li> <li>b) Contributions;</li> <li>c) Withdrawals, including financial emergency hardship distributions (new applications received, approved, denied or pending);</li> <li>d) Periodic payments;</li> <li>e) Summarization in dollars and units/shares the investment option grand totals, including date added to plan, quarter end participant accounts, average quarterly deferral and net exchange activity by option;</li> <li>f) Summarization in dollars and units/shares the investment options grand totals by money type, asset class and pre-tax or post-tax (Roth) contributions;</li> <li>g) Enrollment – new State and local Participants and total new Participants;</li> <li>h) Total Participant accounts: State, local and total;</li> <li>i) Current Participants using the target date funds;</li> <li>j) Current Participants utilizing the SDB Option;</li> <li>k) Current Participants using the managed accounts services by                   <ul style="list-style-type: none"> <li>i. Age</li> <li>ii. Gender</li> <li>iii. Assets</li> </ul> </li> <li>l) Website Activity: number of Participants accessing the Plan website including distinct users and usage for previous quarter and year-to-date;</li> <li>m) Call Center Usage: number of Participants accessing the automated voice response system, inquiries by type, changes by type, transfers to client service representatives for previous quarter and year-to-date;</li> <li>n) New employer adoptions, including name of employers, date adopted and date set up as well as number of employees;</li> <li>o) Summary of revenue sharing, including amounts received by investment options and distribution data (which funds, how many PARTICIPANTS, average reimbursement); and</li> <li>p) Other items as mutually agreed upon.</li> </ul> </li> </ul>
<p>8. Plan summary report, system generated and produced digitally by Plan Service Center (Section</p>	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Due 45 days after the end of a quarter.</li> <li>• Includes detail on all transactions in a mutually agreed upon format:</li> </ul>



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2.23. C. 1.)	<ul style="list-style-type: none"> <li>a) Summary Reports:               <ul style="list-style-type: none"> <li>1. Account summary.</li> <li>2. Participant summary by investment option and money source.</li> <li>3. Forfeiture/asset holding account.</li> </ul> </li> <li>b) Transaction Reports:               <ul style="list-style-type: none"> <li>1. Contributions.</li> <li>2. Additional deposits.</li> <li>3. Additional activity.</li> <li>4. Unallocated contributions/deposits.</li> <li>5. Refunds.</li> <li>6. Transfer balancing.</li> <li>7. Withdrawals.</li> <li>8. Prior period contributions.</li> <li>9. Fees/withdrawal charges.</li> </ul> </li> </ul>
9. Annual Investment Policy Statement (IPS) Review (Section 2.23. C. 2. a.)	<ul style="list-style-type: none"> <li>• From Great-West Financial.</li> <li>• Due for Board meetings when calendared.               <ul style="list-style-type: none"> <li>a) The Plan’s Investment Policy Statement (IPS) will be reviewed and discussed at least annually with the BOARD and/or the Investment Committee. Great-West Financial will provide comments and offer suggestions for changes where appropriate.</li> <li>b) Custom benchmarks will be used where applicable.</li> </ul> </li> </ul>
10. Plan Investment Performance and Expense Ratio Review (Section 2.23. C. 2. b.)	<ul style="list-style-type: none"> <li>• From Great-West Financial.</li> <li>• Due within 60 days of end of quarter. Year-end draft due within 75 days of end of year, final due within 90 days of end of year.</li> <li>• The review will use the Plan’s Investment Policy Statement (IPS) as the foundation for evaluation and analysis and include at least two presentations to the Board in person. As mutually agreed upon, reports will include but are not limited to:               <ul style="list-style-type: none"> <li>a) Providing quarter information and year-to-date information in a mutually agreed upon format.</li> <li>b) Measuring each investment option’s compliance with the IPS. For those funds that are not compliant, a performance attribution analysis will be conducted and presented to the Board and/or Investment Committee.</li> <li>c) Including data on the core investment options including the date the fund was added to the Plan, performance benchmarking, expense ratio information, quarter end asset summary, total number of Participant accounts, and other items as mutually agreed upon.</li> </ul> </li> </ul>

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<p>11. Performance Standards Report (Section 2.23. C. 3.)</p> <p><i>Standards to be met at least ninety-five percent (95%) of the time. For each standard that has not been met at least ninety-five percent (95%) of the applicable measurement period (i.e., each quarter or each year), a monetary penalty of one percent (1%) of the monthly Administrative Fee (without upper limitation) will be paid to the Board.</i></p>	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Due 45 days after end of quarter.</li> <li>• Provide requirements, standards and quarterly results (number and percentage at standard) in a mutually agreed upon format for the following:               <ul style="list-style-type: none"> <li>a) Enrollment applications (processed within 5 days, established within 31 days).</li> <li>b) Deferral changes (processed within 5 days, established within 31 days).</li> <li>c) Allocation changes.</li> <li>d) Fund transfers.</li> <li>e) Lump sum distributions.</li> <li>f) Complaints/error resolution.</li> <li>g) Employer presentations: existing and potentially eligible local government employers to be contacted at least once annually.</li> <li>h) Employee presentations and contacts: current participating local government employees to be contacted and offered a presentation at least once annually.</li> <li>i) New employee presentations and contacts: potentially eligible local government employees to be contacted regarding eligibility to use the WDC at least once annually.</li> <li>j) Participant fees assessed monthly and deposited on the date assessed or the next business day thereafter.</li> <li>k) Board administrative account payments: paid as soon as practicable, but no later than within 15 days after the end of the quarter from receipt unless insufficient funds available.</li> <li>l) Participant quarterly reports (as provided for in Section 2.23.A. of Agreement) and newsletter: Released to participants within 15 business days from the end of each quarter, or within ten (10) business days after receipt of information in good order from third party sources, whichever is later.</li> <li>m) Website availability and statistics: Website available 24 hours a day, except for routine maintenance of the system, which when necessary generally takes place on Sunday between the hours of 12:01 a.m. Mountain Time and 12:01 p.m. Mountain Time. Access to the Website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades, maintenance or for other reasons.</li> </ul> </li> </ul>

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	<p>n) Call center statistics including automated voice response system and client service representative: All telephone calls to the Wisconsin and Home Office Client Service Representatives and the automated voice response system combined will be answered within ninety (90) seconds on average at least ninety percent (90%) of the time on an on-going average annual calendar year basis. On average for the calendar year, there will be less than one percent (1%) of calls that receive a busy signal, and the abandoned call rate will average less than five percent (5%) for the calendar year.</p> <p>o) Other items as mutually agreed upon.</p>
<p>12. Annual WDC Plan Review (Section 2.23. C. 4.)</p>	<ul style="list-style-type: none"> <li>• From Empower’s Local Office in Madison, Wisconsin.</li> <li>• Due within 120 days of the end of the calendar year.</li> <li>• The review will include the following statistics and demographic information as mutually agreed upon:               <ul style="list-style-type: none"> <li>a) Total number of eligible, enrolled, and active PARTICIPANTS by STATE, local, and total.</li> <li>b) New enrollments by gender and age.</li> <li>c) Participating employers, including STATE, local, and total.</li> <li>d) Summary of assets, deferrals, earnings/withdrawals.</li> <li>e) Contribution history.</li> </ul> </li> <li>f) Asset allocation of PLAN assets identifying percent of total assets and number of PARTICIPANTS utilizing each investment option:               <ul style="list-style-type: none"> <li>1. Fixed.</li> <li>2. Bond.</li> <li>3. Balanced, including target date funds.</li> <li>4. Equity (domestic, international, and total).</li> <li>5. Self-directed.</li> <li>6. Empower Retirement Managed Account Service.</li> </ul> </li> <li>g) Communication and education update containing such items as:               <ul style="list-style-type: none"> <li>1. Number of Individual Counseling Sessions and Group PARTICIPANT Meetings (including Attendees).</li> <li>2. Survey Results.</li> <li>3. Summaries of SPP and Other Special Projects or Initiatives.</li> <li>4. Local Services Provided (calls received, walk ins).</li> <li>5. Number of New Employers.</li> <li>6. Automated voice response system and website usage.</li> </ul> </li> </ul>

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	<p>h) Demographic analyses containing items such as:</p> <ol style="list-style-type: none"> <li>1. Changes in the utilization of investment options used.</li> <li>2. Number of PARTICIPANTS by Account Balance, including previous year and historical, if available.</li> <li>3. Utilization by account size.</li> <li>4. Average account values to include annual deferral amount and account size.</li> <li>5. Yearly comparisons.</li> <li>6. Other items as mutually agreed upon.</li> </ol>
<p>13. Annual Administrative Cost Report (Section 2.23.C.5.)</p>	<ul style="list-style-type: none"> <li>• From Empower's Local Office in Madison, Wisconsin.</li> <li>• Due 120 days after end of the calendar year.</li> <li>• Provided to the Department to include marketing and plan administration costs for the local Madison, Wisconsin office.</li> </ul>
<p>14. Annual Turnover Plan (Section 7.4.)</p>	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Empower will provide the Board a complete turnover plan by December 1, 2018. After that, the turnover plan will be updated as deemed necessary by both Empower and the Department.</li> </ul>
<p>15. Quarterly Managed Account Report (Exhibit 2, Appendix A, Section C.)</p>	<ul style="list-style-type: none"> <li>• From AAG.</li> <li>• Due 45 days after the end of a quarter.</li> <li>• Includes number of participants using Advice and Managed Accounts by account balance, age and gender.</li> </ul>
<p>16. Updated Plan of Actions and Milestones (Exhibit 6, Section 11. b.)</p>	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Due on last business days of May and November each year.</li> <li>• Empower must submit an updated Plan of Actions and Milestones (POA&amp;M) to the Department to show progress in meeting its obligations under the Information Security Agreement.</li> </ul>

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17. Results of Information Security Audits/ Assessments (Exhibit 6, Section 11. b.)	<ul style="list-style-type: none"> <li>• From Empower.</li> <li>• Due 30 days after receipt by Empower of audit/assessment results regarding information security.</li> <li>• Empower will provide the Department the reports or certifications resulting from the audits or assessments of its management, operational and technical information security controls against an industry-standard information security control set. These audits or assessments are to be performed at least annually.</li> <li>• Within thirty (30) calendar days of receipt of such results, Empower will submit a Plan of Actions and Milestones (POA&amp;M) and any other relevant documentation to the Department which documents Empower’s intention to remediate the findings in the audit or assessment report.</li> </ul>

**2 AUDIT REQUIREMENTS**

On behalf of the Board, the Contract Compliance Auditor will furnish the Department with a report addressing the results of the agreed upon procedures (AUP) audit of the WDC TPA’s level of performance and compliance with the requirements of the [WDC TPA Contract](#). A link to the current contract is provided but the contracts are subject to change at the discretion of the Department. The report will be based on the Contract Compliance Auditor’s examination and review of activities performed during the audit period.

**2.1 CONTRACT COMPLIANCE AUDIT REQUIREMENTS**

The Proposer will be responsible for determining whether the requirements of the WDC TPA Contract have been met by the WDC TPA. The Proposer must demonstrate their ability to audit all of the following areas of the contract:

1. Recordkeeping and Participant Account Valuations;
2. Account Activity (Deferrals, Transfers, Distributions, Catch-Up Contributions, etc.);
3. Customer Service Staff;
4. Communications, including call center performance standards;
5. Performance Standards;
6. Reporting;
7. Compensation;
8. Managed Accounts Service Option;
9. Self-Directed Brokerage Option; and
10. Standard Operating Procedures.

For each audit cycle, the actual audit work the Contract Compliance Auditor will be expected to complete in each of these areas will be described in the Statement of Work, as determined by

the Program Manager with input from the Contract Compliance Auditor. The Department may have a business need to add, emphasize or exclude certain areas for each audit.

Please refer to Exhibit 1 of the [WDC TPA Contract](#), or the “Performance Standards and Reporting Requirements” section of this appendix, for examples of standard operating procedures and performance standards found in the WDC TPA Contract that may be examined when determining WDC TPA compliance with the Contract.

This audit is not expected to duplicate the annual financial statements audit. A financial statements audit report is completed by a different vendor under a different RFP. However, the WDC’s Contract Compliance Auditor will be expected to review the results of financial statements audits as appropriate.

## **2.2 FREQUENCY AND DUE DATES**

Biennial audits will be completed every other year. The initial audit will cover the period of 1/1/2019 through 12/31/2109. The Department and the Contract Compliance Auditor will mutually agree upon a timeline for events including, but not limited to, an entrance conference, requests for plan documents, testing, report drafting, and an exit conference (if needed).

The final audit report and management letter (if applicable) will be due to the Department no later than the following dates:

- Calendar Year 2019 – Due April 30, 2020
- Calendar Year 2021 – Due April 30, 2022
- Calendar Year 2023 – Due April 30, 2024
- Calendar Year 2025 – Due April 30, 2026

## **2.3 LOCATIONS**

The WDC’s TPA is headquartered in suburban Denver, Colorado. They also have a branch office in Madison, Wisconsin. The audits may require review on the WDC TPA’s premises and/or at the Department at a time mutually agreeable to the WDC TPA, auditor, and the Department.