



Contract by Authorized Board

Commodity or Service:

Contract No.:

Consulting Actuary for Wisconsin
 Group Insurance and Disability Programs

ETD0013 – Amendment #23 dated April 12, 2024

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

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

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

23. The Contract Amendment 16 dated April 21, 2022 is for the Milliman letter dated April 14, 2022 describing the scope of work for decoupling sick leave from income continuation insurance (ICI) program invoiced on a time and expenses basis not to exceed \$40,000.
24. The Contract Amendment 17 dated September 15, 2022 includes:
- Amendment 17A hereby caps the decoupling sick leave from ICI work described under Amendment #16 at \$23,716.25 (out of the do not exceed \$40,000) and reallocates the remaining \$16,283.75 for the scope of work described below in amendment 17A for analyzing the impact of increasing ICI basic covered payroll, a continuation of the work described under Amendments 13 and 15 first bullet point. For clarity, Amendment 17A has a do not exceed limit of \$20,000 (\$16,283.75 remaining from Amendment #16 plus an additional \$3,716.25) to completed the list of tasks described under Amendment 17A below.
 - Amendment 17B is for performing experience studies for the ICI and Duty Disability plans, and updating the assumptions for performing the December 31, 2022 valuation as described in the attached letter dated September 7, 2022 with a do not exceed limit of \$45,000.
- Contractor agrees to include on the identifying contract amendment number (and A or B identifier) and a brief description of the work done on all future invoices.
25. The Contract Amendment 18 dated December 14, 2022 is for consulting actuary related retainer services described in RFP ETD0013 with costs not to exceed \$138,047 for calendar year 2023. Contractor will invoice ETF quarterly for consulting actuary related retainer services described in RFP ETD0013. For any out-of-scope services, Contractor will provide ETF with an itemized listing of costs including: name of consultant providing the services, number of hours, hourly rate, reference the ETD0013 amendment number, and a detailed description of services provided.
26. The Contract Amendment 19 dated December 15, 2022 is for an additional \$1,079.44 related to the work described in Amendment 17A.
27. The Contract Amendment 20 dated January 13, 2023 is for the scope of work described in the attached letter regarding Income Continuation Insurance (ICI) Age Discrimination in Employment Act (ADEA) Benefit Schedule Analysis with a do not exceed limit of \$20,000.
28. The Contract Amendment 21 dated September 28, 2023 is for the attached scope of work regarding 'incurred but not reported' (IBNR) Experience Studies and Assumption Development for Duty Disability and Income Continuation Insurance Programs with a do not exceed limit of \$30,000.
29. The Contract Amendment 22 dated December 14, 2023 is for consulting actuary retainer services described in RFP ETD0013 with costs not to exceed \$142,188 for calendar year 2024. Contractor will invoice ETF quarterly for retainer related services.
30. This Contract Amendment 23 dated April 12, 2024 includes amendments 23A, 23B, and 23C:
- a) 23A describes the 2024 sick leave program actuarial audit scope of work for \$37,000 and
 - b) 23B describes the 2024 life insurance actuarial audit scope of work for \$60,000; and
 - c) 23C describes the 2024 health insurance actuarial audit scope of work for \$60,000.
- Contractor will invoice the Department hourly for actual hours spent working on each audit, with each audit billed separately, while not exceeding the do not exceed limit total of \$157,000 to complete all three audits. Two invoices will be sent for each audit: the first after delivery and ETF approval of the reports and the second, final invoice after the board meeting designated in each scope of work.
- In connection with the performance of work under this Contract, the Contractor agrees to not use or disclose Confidential Information, as defined in Department Terms and Conditions s. 22.0, in an Artificial Intelligence model unless approved by the Department in writing.
31. For purposes of administering the Contract, the Order of Precedence is:
- A. The Contract with Milliman, Inc. dated July 31, 2014;
 - B. This Contract Amendment 23 dated April 12, 2024;
 - C. The Contract Amendment 22 dated December 14, 2023;
 - D. The Contract Amendment 21 dated September 28, 2023;
 - E. The Contract Amendment 20 dated January 13, 2023;
 - F. The Contract Amendment 19 dated December 15, 2022;
 - G. the Contract Amendment 18 dated December 14, 2022;
 - H. the Contract Amendment 17 dated September 15, 2022;
 - I. the Contract Amendment 16 dated April 21, 2022;
 - J. the Contract Amendment 15 dated January 25, 2022;
 - K. the Contract Amendment 14 dated December 16, 2021;

- L. the Contract Amendment 13 dated August 16, 2021;
- M. the Contract Amendment 12 dated January 25, 2021;
- N. the Contract Amendment 11 dated January 2, 2020;
- O. the Contract Amendment 10 dated November 1, 2019;
- P. the Contract Amendment 9 dated October 25, 2019;
- Q. the Contract Amendment 8 dated January 17, 2019;
- R. the Contract Amendment 7 dated October 2, 2018;
- S. the Contract Amendment 6 dated June 28, 2018;
- T. the Contract Amendment 5 dated January 5, 2018;
- U. the Contract Amendment 4 dated February 13, 2017;
- V. the Contract Amendment 3 dated September 23, 2016 and Milliman letter dated September 14, 2016;
- W. the Contract Amendment 2 dated February 3, 2016 and Milliman letter dated January 21, 2016;
- X. the Contract Amendment 1 dated March 26, 2015;
- Y. questions from vendors and ETF Answers dated January 28, 2014;
- Z. Exhibit A, Changes Agreed to by the Parties from the Request for Proposal (RFP) ETD0013;
- AA. Exhibit B, Business Associates Agreement dated June 3, 2014;
- BB. the RFP dated January 6, 2014; and,
- CC. Contractor's proposal dated February 17, 2014.

Contract Number and Service: ETD0013-Amendment #23
 Consulting Actuary for Wisconsin Group Insurance and Disability Programs

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

State of Wisconsin Department of Employee Trust Funds	
Signature	<i>John Voelker</i>
Name/Title	A. John Voelker Secretary, Department of Employee Trust Funds
Phone	608.266.0301
Date	4/12/2024

Contractor	
Legal Company Name	Milliman, Inc.
Trade Name	Milliman
Taxpayer Identification Number	91-0675641
Company Address (City, State, Zip)	121 Middle Street Suite 401 Portland, ME 04101
Name/Title	Daniel D. Skwire, Principal
Signature	<i>Daniel D. Skwire</i>
Phone	207.771.1203
Date	4/12/2024

Amendment 23A Sick Leave Program Audit

This actuarial audit shall provide an independent verification and analysis of the assumptions, procedures, and methods used by the Department's consulting actuary, Gabriel, Roeder, Smith & Company (GRS), for the Wisconsin Sick Leave Conversion Credit Programs Annual Actuarial Valuation as of December 31, 2023 as well as the three-year experience study for the period January 1, 2018 through December 31, 2020. The verifications will consist of full replication of the actuarial valuation, based on the same census data, assumptions, and actuarial methods used by the consulting actuary. In addition, the reviewing actuary will examine the consulting actuary's methods and assumptions for reasonableness and consistency, including an independent review of the experience study performed by the Department's consulting actuary. As part of the independent verification and analysis of the actuarial valuation, the actuarial audit may include the following elements and activities:

a) Data Validity

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

b) Actuarial Valuation Method and Procedures

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

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

c) Actuarial Valuation Assumptions

Assessment of whether the actuarial valuation assumptions are reasonable and consistent with generally accepted actuarial standards and practices; are reasonable based on the Sick Leave Program experience; and are appropriate for the Sick Leave Program structure and funding objectives.

For assumptions developed as part of the 2018-2020 WRS experience study, the review should determine if the assumptions are appropriate to use in the Sick Leave Program. The audit is not expected to be a full review of the assumptions developed in the WRS experience study but a determination as to whether use of the assumptions are reasonable for the Sick Leave Program valuation.

For assumptions developed uniquely as part of the 2018-2020 Sick Leave experience study, there should be a full review of the assumptions/methods.

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

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

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

The final written report shall include, at a minimum:

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

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

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

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

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

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

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

Cost:

The total cost for the sick leave program audit shall not exceed \$37,000 and shall be billed when deliverables are received and ETF has acknowledged the quality of the deliverables.

Amendment 23B Life Insurance Program Audit

The scope of work for the performance of these audit services includes the following:

1. Assessment of whether the funding strategy is reasonable and the reserve balances are adequate for future benefit payments.
2. Assessment of whether the funding assumptions and methods used in the Financial Experience Report (January 1, 2023 through December 31, 2023) are reasonable and appropriate for the Life Insurance Program structure and funding objectives and consistent with generally accepted actuarial standards and practices. If the Contractor recommends assumption adjustments, the Contractor must provide a detailed rationale for their recommendations and describe the general effect on the condition of the Life Insurance Program resulting from the proposed changes to the funding assumptions.
3. Assessment of whether the 5% annual premium increase for the State Plan approved by the Group Insurance Board continues to be an appropriate strategy to keep the funding level secure. See November 2018 Group Insurance Board presentation.
4. Assessment of whether the Life Insurance Program investment strategy is reasonable and appropriate for plan liabilities.
5. Evaluate Securian's rate methodology for compliance with the federal Older Workers Benefit Protection Act and recommend any changes to the Department.

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

The Contractor will be required to enter into a non-disclosure agreement with Securian to preserve confidentiality between Securian and the Contractor.

The Contractor's final written report shall include, at a minimum:

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

Timing of Audit Services: The Financial Experience Report covering the period January 1, 2023, through December 31, 2023 will be available following the August 14, 2024 Group Insurance Board meeting. Following preparation, review, and discussion of a preliminary report with the Department, the Contractor will provide the Department with a final written report and presentation by November 15, 2024 for presentation at the February 2025 Group Insurance Board meeting.

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

1. Audit progress reports to Department staff, upon request.
2. Presentation of the content of the preliminary and final report drafts to the Department and the Department's consulting actuary.
3. An in-person educational briefing and explanation of the final audit report at the February 2025 Group Insurance Board meeting.

Exit Conference: In addition to the briefing of the preliminary report with the Department, the Contractor may be required to attend an exit conference to provide an opportunity for the Department's consulting actuary and

Department staff to discuss the preliminary report with the Contractor. The purpose of the exit conference would be to identify possible errors in the report and discuss the findings and recommendations.

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

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

Cost:

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

Amendment 23C Health Insurance Program Audit

This audit is not for a complete review of health insurance rate setting calculations, but rather it is an audit of the actuarial assumptions and processes used by the Department's consulting actuary for health insurance programs, The Segal Company (Segal). An assessment will be made regarding whether Segal's actuarial assumptions used in the annual health insurance rate setting process are reasonable and consistent with generally accepted actuarial standards and practices. This audit will cover calendar year 2024 health insurance rate setting and includes:

1. An assessment of procedures and actuarial assumptions Segal used to estimate health insurance premiums and future reserve balances for medical, pharmacy, and dental portions for State Employee health insurance premiums (further differentiated by non-Medicare, Medicare, graduate assistants, and high deductible). Specifically considering whether Segal's valuation method and assumptions are reasonable and consistent with generally accepted actuarial standards and practices. Assumption inputs include:
 - claims information by insurer;
 - the actuarial assumption model used;
 - rate caps, determined internally at the Department; and
 - inflationary assumptions.
2. An assessment of procedures and actuarial assumptions Segal used to estimate health insurance premiums and future reserve balances for medical, pharmacy, and dental portions for Local Employee health insurance premiums (further differentiated by non-Medicare, Medicare, and high deductible). Specifically considering whether Segal's valuation method and assumptions are reasonable and consistent with generally accepted actuarial standards and practices. Assumption inputs include:
 - claims information by insurer;
 - the actuarial assumption model used;
 - rate caps, determined internally at the Department; and
 - inflationary assumptions
3. Review the reserve policy and recommend any changes.

Anticipated Work Product:

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

The final written report shall include, at a minimum:

1. An overall opinion as to the reasonableness of the consulting actuary's assumptions and conclusions and the conformance of the actuary's work with generally accepted actuarial standards and practices.
2. An overview of the scope of the review, including a brief description of the procedures performed to arrive at the conclusions reached or recommendations for improvement.
3. A detailed description of each audit exception and the estimated effect of each exception, as well as details about the specific discrepancies, variations, or expectations identified, the estimated impact of those items, the resolution of those items, and any items that remain outstanding.
4. Any recommendations for improvement.

Timing of Audit Services: The 2024 rate year documentation is currently available. Thus, this audit can begin after execution of this contract amendment. Following preparation, review, and discussion of a preliminary

report with the Department, the final written report and presentation must be submitted to the Department no later than October 15, 2024 for a presentation at the November 13, 2024 Group Insurance Board meeting.

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

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

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

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

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

Cost:

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