



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

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

Contract by Authorized Board

Commodity or Service:

Contract No.:

Consulting Actuary for Wisconsin
 Health Insurance Programs

ETD0012 – Amendment #6 dated March 7, 2019

Contract Period: January 1, 2019 through December 31, 2019

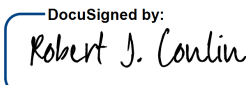
1. This Contract Amendment #6 is entered into by the State of Wisconsin Department of Employee Trust Funds (ETF), hereinafter referred to as the "Department," and The Segal Company (Eastern States), Inc., hereinafter referred to as the "Contractor," whose address and principal officer appear on page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

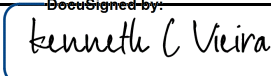
for Amendments #5B&C&D shall be billed in addition to the 2018 retainer fee, in a single invoice, after ETF's satisfactory receipt of deliverables.

11. This Contract Amendment #6 dated March 7, 2019 is for consulting actuary related services:
- costs are not to exceed \$362,201 for those retainer fee services described in RFP ETD0012;
 - RFP ETD0012 Sect. 2.4 is amended as shown in Amendment #6A; and
 - RFP ETD0012 Sect. 3.6 Annual Health Insurance Dates and Deliverables Timetables is replaced with the table in Amendment #6B; and
 - Amendment #6C adds scope of work dated February 20, 2019 regarding Audit of the Income Continuation Insurance (ICI) and Duty Disability (DD) Actuarial Valuations for the Wisconsin Department of Employee Trust Funds (ETF) for which costs are not to exceed \$ 110,000.

Contract Number & Service: ETD0012 – Amendment #6 dated March 7, 2019
 Consulting Actuary for Wisconsin Health Insurance Programs

12. For purposes of administering the Contract, the order of precedence is:
- A) The Contract with the Segal Company (Eastern States), Inc.;
 - B) this Contract Amendment #6 dated March 7, 2019;
 - C) the Contract Amendment #5 dated February 19, 2018;
 - D) the Contract Amendment #4 dated February 2, 2017;
 - E) the Contract Amendment #3 dated May 16, 2016 with attached Scope of Work dated May 16, 2016;
 - F) the Contract Amendment #2 dated April 7, 2016 with attached Scope of Work dated April 7, 2016;
 - G) the Contract Amendment #1 dated January 7, 2016;
 - H) Questions from vendors and ETF Answers dated January 28, 2014;
 - I) Exhibit A, Changes Agreed to by the Parties from the Request for Proposal (RFP) ETD0012;
 - J) Exhibit B, Business Associate Agreement dated July 23, 2014;
 - K) the RFP dated January 6, 2014, and
 - L) the Contractor's proposal dated February 17, 2014.

State of Wisconsin	
Department of Employee Trust Funds	
Signature	DocuSigned by:  249598FE085E431
Name/Title	Robert J. Conlin, Secretary Department of Employee Trust Funds
Phone	608.266.0301
Date (MM/DD/CCYY)	3/7/2019

Contractor	
Legal Company Name	The Segal Company (Eastern States), Inc.
Trade Name	Segal Consulting
Taxpayer Identification Number	13-1835864
Company Address (City, State, Zip)	2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339-7200
By (print Name)	Kenneth C. Vieira, FSA, FCA, MAAA
Signature	DocuSigned by:  AF4A2BFC6018D479...
Title	Senior Vice President
Phone	678.306.3154
Date (MM/DD/CCYY)	3/7/2019

|_____|

Amendment #6A

Add the following to RFP ETD0012 under Section 3.4 Annual Review of Alternate Plan (HMO/PPO) Activity

9. Contractor shall retain data, methods of gathering and analyzing data, actuarial theory, and basis for assumption for all major options regarding calculation of health insurance plan reserves and present major options to the Department and GIB upon request.

Amendment #6B

Delete under RFP ETD0012 Section 3.6 Annual Health Insurance Important Dates and Deliverables Timetable, Table 3 Health Insurance Annual Time Table and under Amendment #5 Section 3.6 Annual Health Insurance Important Dates and Deliverables Timetable for 2018.

Add the following to the RFP ETD0012 Section 3.6 Annual Health Insurance Important Dates and Deliverables Timetable

Segal's Schedule of 2019 deliverables to the Department and financial penalties

The Department may assess penalties upon Segal for failure to deliver quality deliverables by listed due dates. Annual True-up: Within 60 days prior to the end of the 2019 calendar year, the Department shall deliver to Segal a statement of the penalty(ies) incurred by Segal along with an explanation for any penalty. If Segal owes any amount, the Department shall remit the amount from Segal's retainer fee. Such penalty(ies) shall not exceed fifteen percent (15%) of the retainer fee.

No.	Segal Deliverable Due Date	Segal Deliverables	Penalty
1	4/2/2019	Segal delivers to the Department the Financial and Utilization Data Submission (FUDS) tool [formerly Addendum1] which includes Submissions Summary, Addendum 1a Lookback Summary and Addendum 1.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
2	4/10/2019	Segal delivers to the Department the <u>initial</u> Preliminary Bid Tool (Preliminary Rates) for Health Plans.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
3	4/17/2019	Segal delivers to the Department the Network Access Tool (by Wisconsin counties).	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
4	4/17/2019	Segal delivers to the Department Pharmacy and Dental Renewal Tool .	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
5	4/18/2019	Segal updates Preliminary Bid Tool (Preliminary Rates) for Health Plans and delivers to the Department.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
6	4/22/2019	Segal delivers to the Department the 2020 plan (including rate structure) changes modeling. If mutually agreed, volume of plan or rate changes may require an extension to due date.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
7	5/14/2019	Segal delivers to the Department completed actuarial evaluations if there are any new health plans.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.

8	5/31/2019	Segal delivers to the Department completed analysis of Preliminary Bid Tool bids from Health Plans.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
9	6/7/2019	Segal delivers to the Department initial Addendum Tier Model Summary and Tier Rate Analysis (breakpoint) in a unified .xls file format for negotiations.	\$2000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
10	6/7/2019	Segal delivers to the Department FUDS Tool Submission Summary, Addendum 1a Lookback Summary, and Addendum 1 file transfer to OSHP.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
11	6/14/2019	Segal delivers to the Department the completed analysis of Network Access Tool .	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
12	6/21/2019	Segal delivers to the Department updated Addendum Tier Model Summary based on OSHP comments.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
13	6/21/2019	Segal delivers to the Department updated Preliminary Bid Tool (Best and Final Offer (BAFO) Tool) .	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
14	6/24/2019	Segal delivers to the Department completed analysis for final tiering with Tier Rate Analysis.	\$2000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
15	6/27/2019	Segal delivers to the Department finalized Tier Rate Analysis (aka Final Tiering Notice).	\$2000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
16	7/1/2019	Segal delivers to the Department the final BAFO Tool .	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
17	7/5/2019	Segal delivers to the Department the <u>preliminary</u> Pharmacy and Dental projection and rate renewals.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
7/8/2019 to 7/10/2019		Health Plans Negotiations Week	N/A
7/11/2019 to 7/12/2019		Pharmacy and Dental Plans Negotiations Week	N/A
18	8/2/2019	Segal delivers to the Department compiled Health, Dental, Pharmacy, Admin Fee into one Rate Build Master/Tier – Summary of BAFO Rate submissions <ul style="list-style-type: none"> • Segal includes Premium Rate Summary using pre-buydown rates (i.e. Medical, Dental, Pharmacy, and Admin Fees) • Segal includes Weighted Average Premium Change Summary (for DPM) 	\$3000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.

19	8/2/2019	Segal delivers to the Department the GIB Service Area Qualification Summary (draft memo).	\$2000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
20	8/2/2019	Segal delivers to the Department revised Tiering Report (Health Plan Bid Summary).	\$2000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
21	8/2/2019	Segal delivers to the Department updated Network Access Tool.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
22	8/6/2019	Segal delivers to the Department <u>preliminary</u> GIB meeting deliverables (draft presentation; pre-buydown rates).	\$3000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
23	8/12/2019	Segal delivers to the Department Net Fund Balance Buy Down analysis (based on June close numbers) with buydown rates.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
24	8/12/2019	Segal delivers to the Department <u>final</u> Rate Build Master File with buydown rates.	\$3000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
25	8/16/2019	Segal's delivers to the Department <u>final</u> GIB meeting deliverables.	\$3000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
8/21/2019		GIB Meeting – Rate Setting Activity	N/A
26	8/22/2019	Segal delivers to the Department <u>preliminary</u> GIB Documents, Rate Build Master File, and Rate Tables . If mutually agreed, volume of changes may require an extension to due date.	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
27	8/23/2019	Segal delivers to the Department <u>final</u> GIB Documents, Rate Build Master File, and Rate Tables .	\$3000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
28	8/30/2019	Segal delivers to the Department Underwriting Surcharge (via spreadsheet).	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
29	8/30/2019	Segal delivers to the Department the 88/105 Tables (via spreadsheet).	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.
30	10/24/2019	Segal delivers to the Department the Actuarial Certification of Minimum Value (non-rate setting activity).	\$1000 per day late due to failure to deliver, errors, or unacceptable quality, as determined by ETF.

Amendment #6C

Scope of Work

February 20, 2019

The Segal Company (Eastern States)

Contract Amendment for Audit of the Income Continuation Insurance (ICI) and Duty Disability (DD) Actuarial Valuations for the Wisconsin Department of Employee Trust Funds (ETF)

This scope of work services will be delivered as an amendment to the actuarial services contract.

The scope includes the review of the actuarial valuations that are used to determine insurance premiums and to recognize the liability in the financial statements, included in ETF's Fiscal Year (FY) 2019 Comprehensive Annual Financial Report (CAFR), in accordance with Governmental Accounting Standards Board (GASB) Statement No. 10, *Accounting and Reporting for Risk Financing and Related Insurance Issues*.

Deliverables:

Provide separate reports detailing Segal's ability to reproduce figures in the following three reports, given the data and assumptions provided by the current actuary (Milliman):

- Local Income Continuation Insurance Plan as of 12/31/2018,
- State Income Continuation Insurance Plan as of 12/31/2018, and
- Duty Disability Insurance Program as of 12/31/2018.

Additionally, Segal will opine on the reasonableness and appropriateness of the actuarial methods, demographic and economic assumptions, and conclusions of Milliman. Segal will comment as to whether the valuations conform to the appropriate Standards of Practice promulgated by the Actuarial Standards Board.

Specifically, Segal will produce a Level One Audit, based on the Government Finance Officers Association definition of Level One Actuarial Audits found here: <http://www.gfoa.org/actuarial-audits>.

Specific deliverables are: two conference calls, three draft opinions/reports, three final opinions/reports, and three presentation meetings (covering two days). See timing for additional information.

Timing:

The ICI valuations will be made available to Segal in mid-April, with delivery of the draft results to be delivered by July 12, 2019, via conference call. ETF and Milliman will be present on the call. Final reports will be due July 24, 2019. Then, present final ICI reports (and an accompanying pair of Powerpoint presentations) to the Group Insurance Board at its August 21, 2019 meeting and/or at the ETF Board meeting on September 19, 2019.

The DD valuation will be made available to Segal in late-May, with delivery of the draft results to be delivered by August 9, 2019, via conference call. ETF and Milliman will be present on the call. The final report will be due August 21, 2019. Then, present the final DD report (and an accompanying Powerpoint presentation) to the ETF Board at its September 19, 2019 meeting.

Cost:

The total cost shall not exceed \$110,000 and shall be billed when deliverables are received and ETF has acknowledged the quality of the deliverables. Travel expenses are included in these fees.