



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 #9 dated June 25, 2019

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

1. This Contract Amendment #9 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 [ETFMBProcurement@etf.wi.gov](mailto:ETFMBProcurement@etf.wi.gov).
5. This initial contract period is for fifteen (15) months. Each contract period annually will be for twelve (12) months and extend unless and until either party gives the other 180 days' notice of their intent to cancel the Contract.
6. The Contract Amendment #1 is dated January 7, 2016 and the costs are not to exceed \$333,720.
7. The Contract Amendment #2 is dated April 7, 2016 with the attached Scope of Work dated April 7, 2016. Maximum costs for Wellness and Data Warehouse and Business Intelligence services shall be \$27,000 and paid upon ETF's satisfactory deliverable receipt and an approved invoice with billable hours. Maximum costs for Self-insuring/Regional Services shall be \$175,000 and paid in eight (8) equal installments from April through November 2016 upon receipt of an approved invoice. The total costs for Contract Amendment #2 shall not exceed \$202,000.
8. The Contract Amendment #3 is dated May 16, 2016 with attached Scope of Work dated May 16, 2016. All deliverables will be received by June 30, 2016. The total cost for Contract Amendment #3 shall not exceed \$106,000.
9. The Contract Amendment #4 is dated February 2, 2017 and the costs are not to exceed \$340,094.
10. The Contract Amendment #5 February 19, 2018 for consulting actuary related services, with the costs not to exceed \$354,474 for retainer fee services described in RFP ETD0012 and Amendment #5A. Amendment #5B includes the scope of work and fees for the Medicare Advantage RFP, and the costs are not to exceed \$107,844. Amendment #5C includes the scope of work and fees for the preparation of the Other Postemployment Benefit (OPEB) Information and the costs are not to exceed \$125,000. Amendment #5D includes the scope of work and fees for assistance on the RFP for the Self-insuring and regionalization of the health benefits program and the costs are not to exceed \$159,794. Costs for Amendments #5B&C&D shall be billed in addition to the 2018 retainer fee, in a single invoice, after ETF's satisfactory receipt of deliverables.
11. The Contract Amendment #6 dated March 7, 2019 is for consulting actuary related services:

- costs are not to exceed \$362,201 for those retainer fee services described in RFP ETD0012;
  - RFP ETD0012 Sect. 2.4 is amended as shown in Amendment #6A; and
  - RFP ETD0012 Sect. 3.6 Annual Health Insurance Dates and Deliverables Timetables is replaced with the table in Amendment #6B; and
  - Amendment #6C adds scope of work dated February 20, 2019 regarding Audit of the Income Continuation Insurance (ICI) and Duty Disability (DD) Actuarial Valuations for the Wisconsin Department of Employee Trust Funds (ETF) for which costs are not to exceed \$ 110,000.
12. The Contract Amendment #7 dated April 23, 2019 is for consulting actuary related services. It includes the scope of work and fees for the preparation of the Other Postemployment Benefit (OPEB) Information and the costs are not to exceed \$40,000.
  13. This Contract Amendment #8 dated June 14, 2019 is for consulting actuary related services. It includes the scope of work described in Amendment #8A for the assessment of the Department's data warehouse and visual business intelligence services with costs are not to exceed \$40,000.
  14. This Contract Amendment #9 dated June 25, 2019 is for the scope of work described in Amendment #9A for the audit of the Department's wellness and disease management contract with costs not to exceed \$63,000.
  15. 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 #9 dated June 25, 2019;
    - C) the Contract Amendment #8 dated June 14, 2019;
    - D) the Contract Amendment #7 dated April 23, 2019;
    - E) the Contract Amendment #6 dated March 7, 2019;
    - F) the Contract Amendment #5 dated February 19, 2018;
    - G) the Contract Amendment #4 dated February 2, 2017;
    - H) the Contract Amendment #3 dated May 16, 2016 with attached Scope of Work dated May 16, 2016;
    - I) the Contract Amendment #2 dated April 7, 2016 with attached Scope of Work dated April 7, 2016;
    - J) the Contract Amendment #1 dated January 7, 2016;
    - K) Questions from vendors and ETF Answers dated January 28, 2014;
    - L) Exhibit A, Changes Agreed to by the Parties from the Request for Proposal (RFP) ETD0012;
    - M) Exhibit B, Business Associate Agreement dated July 23, 2014;
    - N) the RFP dated January 6, 2014, and
    - O) the Contractor's proposal dated February 17, 2014.

**Contract Number & Service:** ETD0012 – Amendment #9

<b>State of Wisconsin</b>	
<b>Department of Employee Trust Funds</b>	
<b>Signature</b>	DocuSigned by: <i>Robert J. Conlin</i>
<b>Name/Title</b>	249598FF085F431...
	Robert J. Conlin, Secretary Department of Employee Trust Funds
<b>Phone</b>	608.266.0301
<b>Date (MM/DD/CCYY)</b>	6/25/2019

<b>Contractor</b>	
<b>Legal Company Name</b>	The Segal Company (Eastern States), Inc.
<b>Trade Name</b>	Segal Consulting
<b>Taxpayer Identification Number</b>	13-1835864
<b>Company Address (City, State, Zip)</b>	2018 Powers Ferry Road, Suite 850 Atlanta, GA 30339
<b>By (print Name)</b>	Kenneth C. Vieira, FSA, FCA, MAAA
<b>Signature</b>	DocuSigned by: <i>Kenneth C. Vieira</i>
<b>Title</b>	Senior Vice President
<b>Phone</b>	678.306.3154
<b>Date (MM/DD/CCYY)</b>	6/25/2019

## Amendment #9A

### **Scope of Work - Wellness and Disease Management Contract Audit:**

This scope of work documents additional services to be delivered by The Segal Company (Eastern States), Inc. (Contractor) under contract ETD0012 (Contract). The Contractor will audit and access the services provided to the Department under the Department's wellness and disease management program contract by The StayWell Company, LLC ("StayWell").

The Contractor will audit a statistically valid sample of both the incentive payments made to program participants and quarterly performance reports received by the Department pursuant to the contract, which is available at [https://efonline.wi.gov/etf/internet/RFP/Wellness\\_2016/index.html](https://efonline.wi.gov/etf/internet/RFP/Wellness_2016/index.html). The audit must include:

- 1 Incentive processing and payments, including:
  - 1.2 Accuracy
  - 1.3 Timeliness
  - 1.4 Duplicate payments
- 2 Accuracy of quarterly performance reports

Using the four sampling components listed below to validate administrative processing performance, Contractor will evaluate StayWell's day-to-day operational components critical to accurate and timely benefit determinations. Contractor will review gift card incentives provided to program participants to confirm compliance with established adjudication procedures. Starting in 2019, StayWell is issuing two different gift card amounts - \$150 for active employees/spouses and \$138.52 for retirees/continuant/spouses (StayWell is withholding the employee-portion of FICA taxes and will be submitting that to ETF for tax filing).

Sampling components:

1. **Adjudication Procedures Review** – An advance questionnaire focuses on procedures used for incentive benefits to ensure proper claim controls are in place (i.e., eligibility updates, etc.). Compliance will be validated through sampled reviews.
2. **Random Sampling** – A random sample provides confidence in the overall processing achievements and confirms payment accuracy. Comparisons will be made to industry standards and self-reported results. This sample will include a cross-section of benefits that fall in the various paid ranges. See Sample Size below.
3. **Electronic Analysis and Target Sample** – An analysis of all paid gift cards is designed to identify potential system deficiencies requiring validation through review of hard copy documentation and system notes. This sample will include possible duplicate gift cards.
4. **Performance Guarantee Review** – Documentation, from StayWell, will be compared to performance guarantee calculations made by the Department. Categories specific to administration of the wellness program may be added, per the Department's discretion.

### **Report of Findings:**

Contractor's qualitative analysis will be based on conclusions drawn from information gathered throughout the audit, relying on contract requirements, the auditor's experience and judgement and acceptable industry practices. The report memorandum (memo) provided to the Department will summarize areas Contractor believes may be of interest to StayWell. As appropriate, Contractor will discuss errors and areas requiring improvement with the onsite representatives. The final report will include at a minimum:

- Summary listing the identified findings and metric results;
- Description of the audit process;
- Procedural and payment errors displayed in table format;
- Recommendations for corrective action to ensure optimal benefit handling; and
- StayWell's action plan and response to the audit recommendations.

Contractor will submit a draft report to StayWell for review and comment prior to providing a copy of Segal's final memo report (including a copy of their response) to the Department. StayWell will have an opportunity to explain their position and identify corrective action that has or will be taken.

### **Sample Size:**

A total of 250 claims: 150 Random Sample for 2019 (metric purposes) plus 100 possible duplicates and targets from 2017 (75 samples) and 2018 (25 samples).

**Due Dates:**

The initial audit is scheduled to start in early 2020 and will cover calendar years 2017, 2018, and 2019.

Draft audit report due to the Department by July 31, 2020;  
Final audit report due to the Department by August 31, 2020.

**Fees and Payment Schedule:**

The total cost shall not exceed \$63,000 and shall be billed after the deliverables are provided to the Department and the Department has acknowledged the quality of the deliverables. These invoice amounts shall be itemized on the Contractor's monthly retainer fee invoice identified as "Amendment #9 Wellness Audit".

<b>Payment Schedule</b>	
<b>Deliverable/Event</b>	<b>Segal Invoice Amount</b>
Release of sample to StayWell	\$15,750
Completion of onsite review	\$15,750
Draft audit report	\$15,750
Final audit report	\$15,750