

State of Wisconsin  
 Department of Employee Trust Funds  
 DOA-3049 (R07/2014)  
 § 51.01(5) Wis. Stats. § 111.32(13m)  
 Wis. Stats.



Department of Employee Trust Funds  
 801 W. Badger Road  
 P. O. Box 7931  
 Madison, WI 53707-7931

### Contract By Authorized Board

**Commodity or Service:** Compliance Audit Services For  
 Income Continuation Insurance  
 (ICI)

**Contract No./Request for Bid/Proposal No:** ETJ0001  
 Amendment 3 dated February 1, 2018

**Authorized Board:** Employee Trust Funds Board

**Contract Period:** January 1, 2016 through December 31, 2018

1. This Contract is entered into by and between the State of Wisconsin, Employee Trust Funds Board hereinafter referred to as the "Board" and the State of Wisconsin, Department of Employee Trust Funds (ETF) hereinafter referred to as the "Department", and Wipfli, LLP, hereinafter referred to as the "Contractor", whose address and principal officer appears on page 2. The Department is the sole point of contact for this Contract.
2. Whereby the Department of Employee Trust Funds agrees to direct the purchase and the Contractor agrees to supply the Contract requirements cited above in accordance with the State of Wisconsin standard terms and conditions of the request for proposal cited above, and in accordance with the Contractor's proposal dated October 8, 2009 hereby incorporated into 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, 608.261.7952, or via e-mail at [ETFProcurement@etf.wi.gov](mailto:ETFProcurement@etf.wi.gov).
5. Attachment 1 Business Associate Agreement replaces Appendix G, Privacy of Personal Data Mitigation of Privacy Breach, in the Request for Proposal (RFP) dated August 24, 2009 and becomes effective when Contract Amendment 2 dated January 29, 2016 is fully executed.
6. Contract Amendment 2 dated January 29, 2016 total costs shall not exceed \$23,690.
7. This Contract Amendment 3 dated February 1, 2018 amends RFP#ETJ0001 Section C to replace the scope of the Income Continuation Insurance Program's third party administrator compliance audit for years 2015, 2016, and 2017 and amends the audit timeline. This Contract Amendment 3 also amends Section D-Cost Proposal where total costs shall not exceed \$23,690.
8. For purposes of administering this Contract, the Order of Precedence is:
  - A). This Contract with Wipfli, LLP;
  - B). This Amendment 3 dated February 1, 2018;
  - C). The Amendment 2 dated January 29, 2016 and Exhibit 3 Adjusted Timeline dated January 1, 2016;
  - D). The Amendment 1 and Exhibit 3 Timeline dated August 2, 2010, supersedes Exhibit 2;
  - E). The Amendment 1 and Exhibit 2 Timeline dated April 29, 2010, supersedes Exhibit 1;
  - F). The Amendment 1, dated effective January 1, 2010 and Exhibit 1 Timeline dated January 7, 2010;
  - G). the Request for Proposal (RFP) dated August 24, 2009 (including all appendices and amendments); and,
  - H). Contractor's proposal dated October 9, 2009.

**Contract Number & Service:** ETJ0001-Compliance Audit Services For Income Continuation Insurance (ICI)  
Amendment 3 dated February 1, 2018

<b>State of Wisconsin</b> <b>Department of Employee Trust Funds</b>
By Authorized Board (Name) <b>Employee Trust Funds Board</b>
DocuSigned by: <i>Robert J. Conlin</i>
2105598FF065F451... Title <b>Robert J. Conlin, Secretary</b> Department of Employee Trust Funds
Phone  608.266.0301
Date (MM/DD/CCYY) 2/5/2018

<b><u>Contractor to Complete</u></b>
Legal Company Name <b>Wipfli, LLP</b>
Trade Name Wipfli, LLP
Taxpayer Identification Number 39-0758449
Company Address (City, State, Zip)  2501 West Beltline Hwy Suite 401 Madison, WI 53713
By (print Name) Zachary Mayer
DocuSigned by: Signature <i>Zachary Mayer</i>
60A1C020335C435... Title Partner
Phone 608.270.2909
Date (MM/DD/CCYY) 2/5/2018

**Amend Section C of RFP#ETJ0001****1.1 a. TPA activities to be audited:**

The scope of the 2018 Income Continuation Insurance Program's third party administrator's ("TPA") compliance audit shall cover calendar years 2015, 2016, and 2017 and replaces 1.1a.1-6 of the RFP#ETJ0001 with the following TPA activities to be audited:

1. Limit compliance testing to the State and Local ICI programs due to the closure of the LTDI program to new claims and the ETF's assumption of the claim run-out payments.
2. Limit the internal control/process review to:
  - Aetna's work from home policy
    - Provide ETF with a description of Aetna's work from home policy and potential controls gaps or risks that ETF should be aware of associated with the policy.
  - Overpayments/Underpayments (OP/UP)
    - Provide ETF with a description Aetna's process of identifying OP/UP and potential controls gaps or risks that ETF should be aware of associated with the policy.
3. Limit periodic reporting audits to testing only Claim Funding Reports.
  - Test claim funding reports from one calendar quarter for each year, to ensure the reports are consistent with Aetna's system data.
4. Enrollment Testing
  - Test to ensure applications are complete and processed consistently according to ETF's defined procedures
    - Population for testing: new enrollees and Evidence Of Insurability (EOI) applicants during the years covered by the audit.
5. Paid Claims
  - Test to ensure proper approval of claims, adequate supporting documentation, proper payment, and offsets or overpayments, if applicable.
6. Denied Claims
  - Test to ensure that claims are denied for valid reasons, properly communicated to the participant and adequately documented.

Wipfli will not need to review Aetna's SOC report, outside of the Work from Home and Over/Underpayment processes noted above.

Sample size

Sample size be increased to 100 claims per year reviewed and distributed between programs and category for items 4, 5, and 6 above as follows:

2018 Audit Sample Size Breakdown

Target Area	State ICI (80%)	Local ICI (20%)	Total
Enrollment (20%)	16	4	20
Paid Claims (70%)	56	14	70
Denied Claims (10%)	8	2	10
Total Per Year*	80	20	100

\*Will result in a total of 300 enrollment/claims tested

**Amend Section C of RFP#ETJ0001****1.1 b. Dates and frequency of the audit:**

The 2018 Income Continuation Insurance Program's TPA compliance audit shall be conducted during calendar year 2018 pursuant to this Timeline:

<b>Step</b>	<b>Timeline</b>
Entrance conference	February 2018
Auditor sends request for plan documents (plan contracts, policies, processing instructions, etc.)	1 <sup>st</sup> week of March 2018
ETF provides plan documents to Auditor	Prior to the end of March 2018
Auditor sends request for claim and other data from Aetna.	Prior to the end of April 2018
Aetna provides claim data to Auditor	By May 14, 2018
On-site testing of claim files & activity, resolve exceptions with Aetna/ETF staff	Mid May- June 2018
File reviews, report draft and finalization	July 2018
Exit Conference (if needed)	August 2018

**Amend Section D. Cost Proposal of RFP#ETJ0001**

The cost for the 2018 Income Continuation Insurance Program's TPA compliance audit covering calendar years 2015, 2016, and 2017 shall not exceed \$23,690.