



Supplemental Health Insurance Conversion Credit Program Calendar Year 2019

Background

The Department of Employee Trust Funds (ETF) is responsible for administering various benefit programs available to state employees, including the Supplemental Health Insurance Conversion Credit (SHICC) program. This program is considered an other postemployment benefits (OPEB) plan. OPEB refers to the benefits, other than pensions, that a state or local government employee may receive after they have left employment, generally upon retirement. Employers, including the State of Wisconsin, that participate in the SHICC program must meet specific financial reporting requirements in preparing their own financial statements using generally accepted accounting principles. To assist participating employers, ETF prepared employer schedules and related notes.

In July 2020, ETF separated the financial reporting for two sick leave programs: the basic Accumulated Sick Leave Conversion Credit program (basic ASLCC) and the SHICC program. These programs convert unused sick leave balances earned by a participating employee during employment, and additional amounts under certain circumstances, for use in paying postemployment premiums for state group health insurance coverage. Financial statements for the basic ASLCC program will be issued by ETF at a later date.

As required by statutes, we conducted an audit of the financial statements and related notes of the SHICC program. In addition, as requested by ETF, we conducted an audit of the employer schedules for these programs and the related notes. We conducted our audits in accordance with applicable government auditing standards, issued our auditor's opinions, and reviewed internal controls.

Audit Results and Key Findings

We provided unmodified opinions on the financial statements and related notes of the SHICC program, as well as the employer schedules and related notes for this program. We provide an unmodified opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with generally accepted accounting principles, and the schedules provide a fair view of the allocations and total amounts related to the benefit program. Each audit report also includes the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. We published our findings in the following reports: Supplemental Health Insurance Conversion Credit Program ([report 20-24](#)) and Supplemental Health Insurance Conversion Credit Reporting for Participating Employers ([report 20-25](#)).

We found:

- As of December 31, 2019, **17,593 participants** with a combined basic ASLCC and SHICC balance of \$1.5 billion were using their balances for payment of postemployment premiums for state group health insurance.
- As of December 31, 2019, the **fiduciary net position**, which represents resources available to pay benefits, of the SHICC program was \$1.1 billion.
- For the SHICC program, ETF calculated a **net OPEB asset** of \$151.8 million, as of December 31, 2019.