



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: September 26, 2003
TO: Employee Trust Funds Board
FROM: Marcia Blumer, Program Manager
Employee Reimbursement Accounts (ERA) Program
SUBJECT: Employee Reimbursement Accounts

Administrative Fee

Effective January 1, 2004, the Department will assess each state agency an administration fee of \$0.60 per state health insurance contract per month to cover administrative costs of the ERA program. This is an increase from \$0.50 per contract that was assessed in 2003.

The administrative expenses of the ERA program are funded through three sources: Account forfeitures, interest income, and fees contributed by each state agency. Wis. Stat. 40.875(1) (a) authorizes the Department to determine a fee amount that is equal to the agency's share of the program costs. Ever since the program began in 1990, state agencies have contributed a monthly fee for each health insurance contract that has an employer-paid share reported to the Department.

According to Bob Willett, DETF Controller, the anticipated reserve balance at the end of 2003 will be approximately \$60,000, slightly below our target balance of \$100,000. A fee of \$0.60 per contract per month will maintain the reserve balance at approximately the current level. The actual ending balance is impacted somewhat by the rate of interest earned on the accounts and the level of forfeitures. If interest earnings and forfeitures are sufficient to maintain the current balance, the fee may remain at \$0.60 for several years. If the surplus drops below the current level, the fee may increase to the \$0.70 range next year.

Open Enrollment

The ERA open enrollment period of the 2004 plan year is scheduled for October 6 through November 21, 2003. It was extended an extra two weeks to allow employees as much time as possible to determine their medical and dependent care needs for the upcoming year. Enrollment will again be accomplished electronically, either through the telephone IVR system or the Internet.

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