



State of Wisconsin
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Correspondence Memorandum

Date: November 17, 2016

To: Employee Trust Funds Board

From: Jessica Rossner, Program Manager
 Sara Brockman, Health Policy Advisor
 Office of Strategic Health Policy

Subject: Employee Reimbursement Accounts and Health Savings Account Benefit Program Updates

This memo is for informational purposes only. No Board action is required.

Program Information

Total Administrative Services Corporation (TASC) is the third-party administrator of the Employee Reimbursement Accounts (ERA) and Health Savings Account (HSA) benefit programs. These benefit programs are authorized under Internal Revenue Code (IRC) Section 125, IRC Section 132 and Wis. Stats. § 40.85-40.875; which offers pre-tax savings accounts for medical, dependent day care, transit and parking expenses.

Program Experience

Participants in these benefit programs save money because contributions are exempt from federal, state and Federal Insurance Contributions Act (FICA) taxes. As the employer, the State of Wisconsin (State) saves money because participant contributions are not subject to the employer portion of the FICA tax. With projected contributions to these benefit programs in 2016 of over \$32.8 million, the State will realize a FICA savings of more than \$2.5 million.

2016 Participation and Program Savings

Benefit Type	Number of Participants	Total Amount Contributed	Estimated Employee Savings	Employer FICA Savings
Health Care FSA	17,191	\$17,183,330	\$5,154,999	\$1,314,525
Limited Purpose FSA	293	\$104,232	\$31,270	\$7,974
Dependent Day Care FSA	3,258	\$10,211,603	\$3,063,481	\$781,188
Parking Account	1,835	\$1,162,852	\$348,856	\$88,958
Transit Account	551	\$154,484	\$46,345	\$11,818
Health Savings Account	3513	\$4,077,121	\$1,223,136	\$311,900
Totals	26,641	\$32,893,622	\$9,868,087	\$2,516,363

Reviewed and approved by Lisa Ellinger, Director, Office of Strategic Health Policy

Electronically Signed 12/1/16

Board	Mtg Date	Item #
ETF	12.15.16	4A

Administrator Performance

The original contract term with TASC ran from October 1, 2014 through December 31, 2016 with an option to extend the contract three additional one-year periods. On March 24, 2016, the Board approved a one-year contract extension for the 2017 plan year, January 1, 2017 through December 31, 2017. The contract extension was linked to enhanced performance standards and guarantees TASC was required to meet during the one-year extension period. The enhanced performance standards and guarantees focused on:

- Customer Service
- Enrollment Communication and Materials
- Participant and Administrative Guides
- Training and Guidance to Benefit, Payroll and ETF Staff
- Reporting Enhancements for Payroll Processing Centers and ETF

Improvements

TASC customer care representatives were trained on state-specific benefit options and program design:

- ETF and TASC created robust enrollment materials to provide detailed benefit information for employees, empowering them to make-well informed decisions about their options.
- On October 17, 2016, TASC launched an enriched webpage specifically for state participants. To view the enhanced landing page go to:
<https://partners.tasconline.com/ETFEmployee>.
- ETF and TASC created state-specific ERA and HSA Participant Guides.
- ETF and TASC created state-specific ERA and HSA Administrative Guides.
- TASC provided three webinars for human resource, payroll center and ETF staff:
 - Basics of Employee Reimbursement Accounts
 - Basics of Health Savings Account
 - 2017 Open Enrollment
- TASC customer care issues or concerns identified by ETF or human resource staff are addressed with TASC management. TASC reviews the participant account and recorded phone calls to identify and address the concern. As a result, representatives, ETF staff have recognized a decrease in the volume of TASC customer care concerns.
- TASC continues to be committed to improving and customizing reporting for ETF and the payroll processing centers.

Future Considerations

ETF staff will continue to evaluate the administrator's performance and any costs or benefits associated with rebidding or renewing this contract. The current contract term with TASC runs through December 31, 2017, with an option to extend the contract two additional one-year periods. ETF staff will bring a recommendation to the Board in March 2017.

Staff will be at the Board meeting to answer any questions.