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Correspondence Memorandum

Date: August 18, 2017

To: Employee Trust Funds Board

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

Subject: Delegation of Oversight of the Employee Reimbursement Account Programs and Health Savings Account Programs from the Employee Trust Funds Board to the Group Insurance Board

ETF recommends the Employee Trust Funds (Board) delegate oversight of the Health Savings Account (HSA) and Employee Reimbursement Account (ERA) programs to the Group Insurance Board (GIB).

These programs are administered by a third-party administrator (TPA), TASC, with support and oversight from Office of Strategic Health Policy (OSHP) staff and leadership. The HSA and ERA programs are similar to other supplemental benefit programs managed by OSHP, as they are closely aligned with ongoing total health management initiatives and directly impacted by any changes to the Group Health Insurance Program (GHIP). However, they are the only OSHP-managed programs that do not receive oversight from the GIB.

The Board currently provides oversight for the state-offered HSA program and the ERA programs, which include the Health Care Flexible Spending Account (FSA), Limited Purpose FSA (LPFSA), Dependent Day Care FSA, Parking Account and Transit Account.

Since January 1, 2015, state GHIP participants electing an It's Your Choice (IYC) High-Deductible Health Plan (HDHP) must also enroll in the state-sponsored HSA. This dual-enrollment requirement is stipulated by Wis. Stat. § 40.515 (1) and intended to help participants successfully plan for health care expenses. In addition, Wis. Stat. § 40.515 (2) grants contractual authority for the HSA program to the GIB.

Specific reasons for the request to delegate oversight of the HSA and ERA programs to the GIB are:

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

Electronically Signed 9/12/17

Board	Mtg Date	Item #
ETF	9.21.17	4A

- **Overall Health Benefit Management:** Between the HSA program and ERA programs, approximately 80% of participants are enrolled in a health care pre-tax savings program (HSA, Health Care FSA, and LPFSA). The health care pre-tax savings programs are complementary to the GHIP. Changes to the GHIP directly affect participation and utilization of these programs. The IYC HDHP dual-enrollment requirement also directly influences participation and utilization of the HSA and LPFSA.
- **Contract Structure:** The original terms for both the HSA and LPFSA Program contract and the ERA and Commuter Benefit Program contract with TASC, the current TPA, ran from October 1, 2015, through December 31, 2016, with an option to extend the contract for three additional one-year periods. The Board has approved two of the three possible contract extensions for both contracts. A final contract extension is available for the 2019 plan year for both contracts.

The current contractual structure pairs the HSA and LPFSA programs. This program pairing does not reflect industry best practice, as the LPFSA is an ERA program, which has different IRS regulations than the HSA. The contract structure will be changed as part of future procurement activity. However, the programs will remain contractually joined through the end of current contract and any additional contract extensions with TASC.

Delegating oversight of the HSA program to the GIB will also delegate oversight of the LPFSA program by technical default. As the LPFSA is an ERA program, oversight of the ERA and Commuter Benefit Program contract should ideally be provided by the same governing board as the HSA and LPFSA Program contract.

- **Request for Proposal:** Preliminary procurement activities related to these contracts are expected to begin in the fall of 2017, with an anticipated Request for Proposal (RFP) release in the summer of 2018. Given that contractual authority for the HSA program is granted to the GIB in Wis. Stats. § 40.515 (2), it is necessary to delegate program oversight to the GIB in advance of releasing a new RFP so the GIB may enter into a new contract with an HSA TPA when appropriate.

ETF legal counsel has advised that the delegation of oversight for the ERA programs does not require statutory changes or clarifications because the Board has the authority to delegate its powers and duties as necessary or desirable under Wis. Stat. §40.03(1)(L).

The Board can choose to delegate oversight to the GIB at the September Board meeting or any subsequent Board meeting. Although ETF's request to transfer program oversight is not time-sensitive, oversight would ideally be granted to the GIB in advance of selecting a new TPA or TPAs for the HSA and ERA programs.

Staff will be at the Board meeting to answer questions.