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Correspondence Memorandum

Date: April 11, 2019

To: Group Insurance Board

From: Xiong Vang, HSA & ERA Accounts Program Manager
 Tara Pray, Engagement & Communications Lead
 Office of Strategic Health Policy

Subject: 2020 Program Changes and Contracts Status Update for Health Savings Account, Section 125 Cafeteria Plan, Employee Reimbursement Accounts, and Commuter Fringe Benefits Accounts Implementation Update

ETF requests the Group Insurance Board (Board) approve changes to coverage end dates for mid-year terminations for the following benefit programs:

- 1. Health Care Flexible Spending Accounts**
- 2. Limited Purpose Flexible Spending Accounts**
- 3. Parking Accounts**
- 4. Transit Accounts**

Effective January 1, 2020, participants will be allowed to accrue expenses with coverage through the end of the month in which the participant terminates employment.

This memo also provides an update on the contracts, implementation, transition, and communication status; this portion of the memo is for informational purposes only.

Background

On February 20, 2019, the Board approved a letter of intent to award the contracts for Third Party Administration (TPA) of Health Savings Accounts (HSA), Section 125 Cafeteria Plan and Employee Reimbursement Accounts (ERA) and Commuter Fringe Benefits Accounts (RFPs ETH0052, ETH0053, ETH0054) to ConnectYourCare (CYC), LLC for the duration of a two-year contract through December 31, 2021. The contracts have the potential for an additional two, two-year extensions through December 31, 2025¹.

¹ Notice of Intent to Award and Bid Abstract. https://etfonline.wi.gov/etf/internet/RFP/HSA-ERA-Fringe/ETH0052-54CHEF_NoticeOfIntentToAward.pdf.

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy

Eileen K Mallow Electronically Signed 5/3/19

Board	Mtg Date	Item #
GIB	5.15.19	11A

The recommended program changes address file interface and administrative issues encountered by previous TPAs and payroll centers that result from the current practice of extending certain benefit program coverage end dates beyond the end of the month in which an employee terminates employment. Upon further investigation we learned the current practice does not align with industry standards. The recommended changes will match the coverage end dates with other large public sector programs.

Current Coverage Termination Dates

The HSA, ERA, and Commuter Benefits Account coverage end dates vary from one another. Table 1 provides the current rules when a participant terminates from state service.

Table 1 – Current Coverage End Dates by Program

Program	Termination Coverage End Date	COBRA Continuation Eligibility
HSA	Employer contributions stop at the end of the month in which the employee terminates. Participant can continue to contribute if enrolled in an HSA-eligible high deductible health plan	N/A
Health Care Flexible Spending Account (FSA)	Last date of the month following a participant’s final paycheck contribution, unless participant elects COBRA continuation	Eligible to continue with COBRA
Limited Purpose FSA	Last date of the month following a participant’s final paycheck contribution, unless participant elects COBRA continuation	Eligible to continue with COBRA
Dependent Day Care FSA	Last day of the plan year (December 31)	N/A
Parking Account	Termination Date	N/A
Transit Account	Termination Date	N/A

Evaluation of Program Changes

ETF met with CYC and several state payroll centers to discuss the recommended changes. See Attachment A for detailed questions and responses. Payroll centers support the recommendations in Table 2 and CYC’s systems can accommodate them. In addition to stakeholder feedback, ETF also considered the following:

- **Financial risk-management.** The recommended changes minimize financial risks to the programs because terminated participants will only have through the end of the month to incur expenses.
- **Administrative ease.** The recommended coverage end dates are more straightforward to administer.

- **Benefit program consistency.** New coverage end dates are consistent with other benefit plans, such as State Group Health Insurance, State Group Life Insurance and supplemental dental and vision insurance.
- **File enhancement.** These changes allow the payroll centers to automate files for CYC without manual entries, adjustments and hardcoding.

Staff recommend the Board approve program changes that are detailed in Table 2.

Table 2 – Proposed Termination Provisions by Program

Program	Final Date to Incur Expenses	Debit Card Status	COBRA Continuation
HSA	Eligible to incur expenses past termination date	Remains active	Not an Option
Health Care FSA *	Last day of the month of termination	Inactive last day of the month of termination	Participant can elect
Limited Purpose FSA *	Last day of the month of termination	Inactive last day of the month of termination	Participant can elect
Dependent Day Care FSA	Last day of the plan year (December 31)	N/A	Not an Option
Parking Account *	Last day of the month of termination	Inactive last day of the month of termination	Not an Option
Transit Account *	Last day of the month of termination	Inactive last day of the month of termination	Not an Option

**Program changes recommended to the Board*

Employer Communication Updates

ETF provided notice to employers of the intent to award a contract to CYC, pending successful contract negotiations². Additional communication was posted on ETF's

² Group Insurance Board Selects New Flex Spending Accounts Vendor, Reviews Data.
http://etf.wi.gov/news/ht_20190220.htm.

website, with preliminary information discussing implementation and planning through the transition period timeline³.

At the February 26 State Payroll Council meeting ETF shared the Board's decision with state agency payroll and benefits representatives. ETF will continue to provide updates to payroll center leaders about the CYC implementation.

Contract Negotiation Process and Outcomes Updates

ETF and CYC teams started meeting in early April to discuss contract negotiation items. ETF has updated language in the three Program Agreements. Updates include Performance Standards and Guarantees, the Department Terms and Conditions and other reporting and deliverables.

Negotiations are progressing quickly, and all three Agreements are expected to be executed in early May.

Implementation Update

ETF and CYC meet weekly to discuss implementation progress. Frequent meetings will continue through implementation and into 2020. The Implementation Summary Report is provided in Attachment B.

ETF will host an implementation kick-off meeting with internal staff and payroll centers on May 9. The meeting will start the implementation phase, allowing dialogue between stakeholders to set expectations for the months ahead.

CYC assigned a dedicated implementation manager and team lead to aid the transition. ETF anticipates a CYC support representative to be onsite during implementation.

Transition Plan Updates

ETF received and approved a transition plan from Total Administrative Services Corporation (TASC). ETF staff have made several attempts to schedule a transition planning meeting between TASC and CYC. To date, TASC has been unable to commit to a specific meeting. ETF staff will continue to work with TASC staff during the transition to ensure deliverables are met. Attachment C provides a summary of the transition plan.

Communication Plan Updates

ETF is working with CYC to develop a communication plan to ensure a smooth transition for members and employers. The communication strategy will include a multi-channel approach to increase the likelihood participants will see and remember the required action steps and deadlines. Developed communication will emphasize plain language and comprehensive visuals. Concise timelines will be communicated in advance so participants can plan to use their account balances effectively.

³ New Health Savings Accounts, Employee Reimbursement Accounts and Commuter Fringe Benefit Accounts Program Administrator for 2020. <http://etf.wi.gov/employers/ht-2-21-2019.htm>.

Complete information will be included in this year's It's Your Choice (IYC) materials for the fall open enrollment period.

Highlights include:

ETF Communication

- Enrollment and education materials
- Enrollment/participant guides
- ALEX, the virtual benefits counselor
- Send notifications via:
 - Health & Wellness E-alerts
 - ETF website
 - *WRS News Online*
 - Twitter

CYC Communication

- Develop and launch microsite (ETF-specific)
- Collaborate on enrollment/participant guides

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

Attachment A: Program Stakeholders' Questions and Answers

Attachment B: State of Wisconsin Implementation Summary Report

Attachment C: Transition from TASC to New TPA

Attachment A: Program Stakeholders' Questions and Answers – Page 1

#	Questionnaires for Program Changes Development	ConnectYourCare	STAR (includes Central, Leg, Courts)	UW Systems	UWHC	WHEDA	FRSNA	DEPARTMENT EVALUATION
1	Does your system allow Health Savings Account coverage to terminate at the end of the month in which the employee terminates from a position? (Example: employee terminates 3/15, coverage end date 3/31)	Yes	Yes	Yes	Yes	Yes	Not Applicable	Payroll Centers have the HSA program already set up to terminate at the end of the month, to align with the HDHP coverage.
2	Does your system allow Health Care FSA coverage to terminate at the end of the month in which the employee terminates from a position? (Example: employee terminates 3/15, coverage end date 3/31)	Yes	Yes	Yes	Yes	Yes	Not Applicable	Payroll Centers have the Health Care FSA program already set up to terminate at the end of the month. However, customization on the enrollment file was required to extend benefits past the employee's termination date. If the change is put through, STAR has concerns about Health Care FSA refunds of employee contributions when they are taken before a late month termination.
3	Does your system allow Limited Purpose FSA coverage to terminate at the end of the month in which the employee terminates from a position? (Example: employee terminates 3/15, coverage end date 3/31)	Yes	Yes	Yes	Yes	Yes	Not Applicable	Payroll Centers have the Limited Purpose FSA program set up to terminate at the end of the month. However, customization on the current reporting files was required to extend benefits further out.
4	Does your system allow Dependent Day Care FSA coverage to terminate at the end of the month in which the employee terminates from a position? (Example: employee terminates 3/15, coverage end date 3/31)	Yes	Yes	Yes	Yes	Yes	Not Applicable	Payroll Centers already have the Dependent Day Care FSA program terminate at the end of the month. However, customization on the current reporting files was required to extend benefits further out.
5	Will the recommendation of HSA & ERA coverage termination at the end of the month in which the employee terminates from a position require development in your system?	No	No	Yes	Yes	No	Not Applicable	Most of the Payroll Centers have systems configured for HSA & ERA programs to terminate at the end of the month. UWHC is changing their payroll system to a cloud-based system effective 7/1/19 and will need redesign development. UW Systems expects development time needed to build files with ConnectYourCare.
6	How much time is needed for your developers to configure the program changes in your system?	Not Applicable	> 1 Month	Not Applicable	> 6 Months	> 3 Months	Not Applicable	Most of the Payroll Centers have systems already configured for benefit programs to terminate at the end of the month.
7	If the program changes for HSA and ERA coverage to terminate at the end of the month in which the employee terminates from a position effective January 1, 2020, can the Department expect your system be configured timely?	Yes	Yes	Yes	Yes	Yes	Not Applicable	No Issues
8	Can your system build logic for the HSA and ERA plan to terminate at the end of the month in which the employee terminates from a position?	Yes	Yes	Yes	Yes	Yes	Not Applicable	No issues
9	Do you consider the HSA & ERA coverage termination date change to the end of the month in which the employee terminates from a position, an enhancement to those programs?	No	No	Yes	Yes	Yes	Not Applicable	The enhancement applies to program policies and system administration consistency. However, Payroll Centers considers Dependent Day FSA as a takeaway from employees is they are not able to accrue expenses through the end of the plan year.
10	Does your system support a coverage termination date extended past an employee termination date? (Pertains to Dependent Day Care FSA) (Example: employee terminates 3/15, coverage end date 12/31)	Yes	No	No	Yes	No	Not Applicable	Payroll Centers system configuration does not allow extending coverage after the last day of the month in which an employee terminates from position. Payroll Centers prefer to keep this Dependent Day Care FSA with expenses paid through the end of the year since it is an employee money-in money-out benefit, and considered a take-away from participants if the termination of accessibility to the program changes.
11	Can your system invoice HSA and ERA contributions during an employee leave of absence?	No	Yes	Yes	Yes	No	Not Applicable	Payroll Centers can configure their systems to invoice for HSA and ERA contributions. ConnectYourCare does not invoice HSA and ERA contributions. UW had concerns on invoicing for these programs since it is considered post-tax and their benefit billing payment does not work with the payroll side to update annual election contributions.

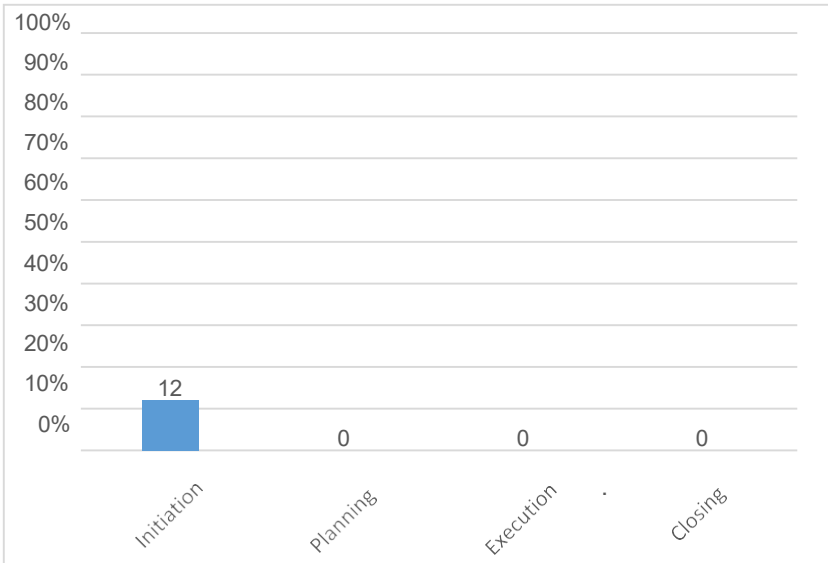
Attachment A: Program Stakeholders' Questions and Answers – Page 2

12	Has your payroll system been configured to invoice HSA and ERA contributions?	No	No	No	Yes	No	Not Applicable	Invoicing HSA and ERA contributions for missed contributions was never implemented by the Payroll Centers. Invoicing and collecting contributions is post-tax. UW does not recommend invoicing and collecting contributions through benefits billing due to the post-tax status.
13	How does your system support, determine, and validate leave of absence situations?	Yes	Yes	Yes	Not Applicable	No	Not Applicable	Payroll Centers have mechanisms to determine and report participants who are on a leave of absence.
14	Can your system accept checks for invoice payments? (from employees)	No	Yes	Yes	Yes	No	Not Applicable	STAR, UW Systems, and UWHC payroll systems allow for invoicing insurance premiums.
15	Can your system accept cash for invoice payments? (from employees)	No	Yes	No	No	No	Not Applicable	Most Payroll Centers do not accept cash payments for billing invoices.
16	Can your system accept ACH (debit card) for invoice payments? (from employees)	No	Yes	No	Not Applicable	No	Not Applicable	Most Payroll Centers do not accept ACH payments for billing invoices.
17	Does your system have any obstacles that will prevent it from configuring to the proposed HSA & ERA program changes regarding the coverage termination effective date?	No	No	No	Yes	Yes	Not Applicable	UWHC mentioned updates should not occur later than August 1.
18	Do you have any questions, feedback, or concerns to the program changes?	Yes	Yes	No	No	Yes	Not Applicable	STAR mentioned there is no concern of a system configuration. However, an interface logic between the Payroll Centers and ConnectYourCare shall thoroughly be discussed during implementation. Payroll Centers request to provide more guidance on leave of absence from an operational standpoint for these benefit programs.

State of Wisconsin Implementation Summary Report

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MILESTONE REPORT

Name	Finish	Color
Conduct Implementation Kickoff Meeting (ETF & CYC)	Thu 5/9/19	Green
Conduct Transition Kickoff Meeting (ETF, CYC & TASC)	Fri 5/10/19	Green
Execute Plan Design Document	Fri 5/31/19	Green
Conduct Interface Deep Dive(s) - Payroll Centers	Thu 5/9/19	Green
Review/Define Employee Communications	Thu 5/9/19	Green
Create TOA Execution Plan and Timeline	Fri 6/21/19	Green
Create Balance Transfer Execution Plan and Timeline (FSA/DCAP)	Tue 6/4/19	Green
Create Balance Transfer Execution Plan and Timeline (FSA/DCAP)	Tue 6/4/19	Green
Document Final Plan & Timeline (Fraud & Abuse)	Fri 5/31/19	Green
Document Final Plan & Timeline (NDT)	Fri 5/31/19	Green
Document Final Plan & Timeline (Grievance/Claims Appeal)	Sat 11/30/19	Green
Configure Employer & Plans in Test	Fri 6/7/19	Green
Configure Employer In Production	Mon 7/1/19	Green
Produce Cards	Wed 8/7/19	Green
Microsite Launch	Fri 9/20/19	Green
Customer Service Lines Open	Sun 9/1/19	Green
Receive & Load OE Enrollment Files	Thu 12/5/19	Green
Verify Card Generation & Mailing	Fri 12/27/19	Green
Go-Live: Plan Year Start Date	Wed 1/1/20	Green
Employer Sign-Off (Lessons Learned, Satisfaction)	Thu 2/27/20	Green

Transition from TASC to New TPA

	Transition Approach: TASC has identified major tasks and activities to be performed in closing out the administration of the 2019 Plan Year and will work with ETF to complete.				
	Transition team organizational chart: The TASC portion of the transition will be facilitated by the Account Management team currently serving the State of WI account.				
	Transition project schedule chart: TBD as details below are agreed upon.				
	Transitional Services: See the detailed list of tasks and activities to be performed.				
	Management Support: Management support will continue as it has in the past. The primary service team will consist of our dedicated Account Managers.				
EVENT Number	EVENT	Start Date	Scheduled Completion Date	Date Completed	Responsibility
A	Knowledge Transfer: The Contractor will coordinate at least two formal training sessions to be conducted by the Contractor’s transition lead. These sessions will focus on knowledge transfer, data transfer, property transfer, and reconciliation concerns related to the data, tasks, and activities. These sessions will be completed on the date specified by the Department.	5/1/2019	7/1/2019		TASC
B	Data Collection and Transfer: All administrative reports, data files, and source documents that are specific to the Department are the property of the Department. The Contractor will provide the Department with all administrative reports, data files, and source documents requested by the Department by the due date specified by the Department.	5/1/2019	7/1/2019		TASC
C	Property Transition: All manuals, guides, brochures, flyers, educational videos, presentations, and source documents that are customized for the Department are the property of the Department. The Contractor will provide the Department with all manuals, guides, brochures, flyers, education videos, presentations, and source documents requested by the Department, in the format specified by the Department, by the date specified by the Department.	5/1/2019	7/1/2019		TASC
D	Participant Portal: The Contractor will provide a seamless transition of online portal access to the Department and the payroll processing centers. The Contractor will provide the Department with the same level of administrator online portal access and support services of the old administrative system for one (1) year from the transition date. The Contractor will continue to maintain the data, reports, and resources within the old administrative system for one (1) year from the new administrative system transition date.	12/31/2019	12/31/2020		TASC
E	Administrator Portal: The Contractor will provide a seamless transition of online portal access to participants. The Contractor will provide the same level of participant online portal access and online support services under the old administrative system for one (1) years from the transition date. The Contractor will continue to maintain the data and resources within the participant online portal access under the old administrative system for one (1) year from the transition date.	12/31/2019	12/31/2020		TASC
F	Customer Service: The Contractor will continue to maintain and support the dedicated customer service phone number for Department participants. The Contractor will provide prompt, knowledgeable, consistently accurate customer service to the Department’s participants. The Contractor will continue to audit and measure the Contractor’s customer service department on a quarterly basis to ensure the services provided to the Department’s participants meet the Department’s quality of service expectations.	1/1/2019	12/31/2020		TASC
G	Communication: The Contractor recognizes that communication to Department staff, payroll processing staff, employer benefit staff, and participants is vital to a seamless transition. The Department will determine the information to be communicated, audience, frequency, date(s), and delivery method of the communications.	1/1/2019	12/31/2020		TASC

Attachment C – Page 2

H	Claims Processing: The Contractor agrees to administer run-out claims through the run-out period, January 1, 2020 through March 31, 2020 (the “run-out period”) in accordance with the terms of the Contract. “Run-out claims” means claims with dates of service prior to January 1, 2020. The Contractor will process claims and provide reimbursements for approved claims submitted on or before March 31, 2020 for services incurred between January 1, 2019 to December 31, 2019.	TBD			TASC
I	Unsubstantiated Claims: The Contractor will adhere to the Department's five step substantiation process in the Contract and complete all Contractor assigned substantiation deliverables outlined in the Department’s plan document, policies, and source documents. The Contractor will provide the Department with all data, reporting, supportive information, and source documents requested by the Department in the timeframe specified by the Department.	TBD			TASC
J	Debit Card: The contractor will deactivate participant debit cards on 12/31/2019.	12/31/2019	12/31/2019		TASC
K	Uncashed Checks: The Contractor will send a formal mailer communication on May 1, 2020 to all participants with uncashed checks to alert the participant(s) of the uncashed check(s), explain how to claim, alert them to the deadline of June 30, 2020 to cash the check, and indicate the impact if not resolved by the deadline.	TBD			TASC
L	Carryover: The Department’s benefit plan design allows up to five hundred dollars (\$500) carryover for the Health Care Flexible Spending Account and Limited Purpose Flexible Spending Account and unlimited carryover for the Commuter Fringe Benefits benefit programs. At the close of the plan year on March 31, 2020, the Contractor will generate a carryover report and complete an audit of the carryover report to ensure accuracy. A comprehensive error-free carryover report will be provided to the Department by April 15, 2020. The carryover report specifications and format will be specified by the Department. Once the error-free carryover report is provided to the Department, any errors with a negative impact to the Department or participant will be the financial responsibility of the Contractor.	TBD			TASC
M	Disputes, complaints, and appeals: Any complaints, disputes, or appeals about benefits or claims arising under the terms, conditions, and provisions of the Contract shall first be submitted for resolution through the Contractor’s internal grievance process and may then, if necessary be submitted to the Department.	1/1/2019	12/31/2020		TASC
N	Plan Finalization: The Contractor will provide the Department with a comprehensive error-free 2019 plan year plan finalization report by May 31, 2019. The plan finalization report will be error free.	TBD			TASC
O	Data and Financial Reconciliation: The Contractor will assist the Department in completing a fully reconciled audit by the date determined by the Department of data and financial information transferred from the Contractor to the Department and/or succeeding contractor to ensure all data and financial information transferred over successfully without errors. The Contractor will provide the Department with audit specifications, audit results, and a written statement that all data and financial information was transferred over successfully without errors by the date determined by the Department. Any Contractor errors identified after the Contractor has completed the full reconciliation audit will be the financial responsibility of the Contractor	TBD			TASC
P	Audit: The Contractor agrees to comply with the Department (including the Office of Internal Audit), the independent contract compliance auditor, and the Legislative Audit Bureau on any 2015 through 2019 plan year requests made according to the terms of the Contract. .	1/1/2019	12/31/2020		TASC
Q	Health Savings Account: In the event of Contract termination, the Department will determine if the Department sponsored HSA will be moved to an individually owned HSA with the Contractor or transferred to a succeeding contractor. The Department and the Contractor will determine a plan to move the Department sponsored HSA to an individually owned HSA with the Contractor or transferred to a succeeding contractor. The major tasks and activities (deliverables) will be identified by the Department and the Contractor.	TBD			TASC