

Letter 4 with response

From: [Jayme Reichenberger](#)
To: [ETF SMB Board Feedback](#)
Subject: CYC feedback
Date: Tuesday, June 1, 2021 8:50:25 AM
Attachments: [Outlook-asm02obn.png](#)
[Outlook-54kbjuei.png](#)

Good Afternoon,

I am currently working with the UWS ombudsperson on a situation that I have experienced with CYC, and I have included a summary of my description below for your records as well.

Near the end of 2020, I had made a payment on a medical expense/ bill with the last bit of my flex spending funds for that year on my flex spending card. I did not receive a letter indicating that the receipt included for documentation was missing information until more than one month later. At that time, the instructions in the letter were out of date and there was no way to resubmit the requested materials by the deadline for 2020. I called Aurora to obtain a more detailed receipt from the services paid, and I also called CYC and worked with a representative to verify that the new documentation was appropriate. The representative I spoke to said that it would be processed and approved with the new documentation. I was told that because the deadline was missed, the funds, totaling to nearly \$200 would still be deducted from my paycheck and I would be eligible to receive a refund in April 2021.

The funds were deducted from two of my paychecks for the full amount, and I (again) was told that the issue was resolved, and I would receive a refund in April 2021. During the last week of April, I called CYC to check on the status of my refund and was told that the checks were just getting mailed out that week and should come soon in the mail. Within that week, I received an email stating that the refunded amounts would go out in May 2021 (not April as previously stated multiple times). Through all of this, I was understanding and okay with the changes in timing. When I still had not received my check the last week of May, I logged into my account to find that a deposit had been made on May 11, 2021 for the amount that I was supposed to have received back as a check. I called CYC and spoke to a representative. I questioned why those funds were deposited into my account when they were taken from my paycheck for a claim that had been resolved and was told repeatedly that it was my employer's plan settings. At this time, I was frustrated and continued questioning how this money, that increased my elected amount to contribute by nearly \$200 and restricted how I could spend my wages, could legally and ethically occur. I received no empathetic responses or suggestions for next steps besides pointing blame on my employer.

I emailed the Benefits specialist for my employer to explain the situation and provide feedback that same day. By the end of the day, I received a response indicating that I should have received a paper check for the funds, as that is how the UWO plans were set up. I understand that \$200 is not a huge amount of money. However, I am a mother with four children and this money, that was garnished from my wages for a resolved claim, could cover some of our

weekly expenses, like groceries. If there is any additional information that I can provide regarding my experience, please let me know.

Thank you,

Jayne Reichenberger

Jayne Reichenberger

Director

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June 15, 2021

Dear Ms. Reichenberger,

Thank you for reaching out to the Department of Employee Trust Funds (ETF) regarding your 2020 Health Care Flexible Spending Account (FSA) with ETF's Third-Party Administrator, ConnectYourCare (CYC). I understand how frustrating this may be for you. I have provided information below to help. Both ETF and CYC received significant feedback on this process and have already begun process improvements to lessen the burden for members who submit claims towards the end of the year. If after your review, you find you still have questions, please feel free to let me know; my contact information is below.

Under IRS Regulations, all claims payments made from a Health Care FSA require third party substantiation documentation unless the transaction is auto-substantiated, such as, pharmacy prescriptions, office visit copays, or Inventory Information Approval System (IIAS) items. Any FSA claims that are not properly substantiated by the end of a plan year will follow ETF's Five Step FSA Recovery Policy consistent with the Memorandum issued by the IRS Office of Chief Counsel on February 12, 2014 which set forth acceptable correction procedures for any unsubstantiated claimspayments using a debit card in an FSA.

If an expense requires documentation, CYC will provide Substantiation Notifications to participants. CYC will send up to three Substantiation Notifications via mail or email:

- 10 days after the debit card transaction, notifying the participant that substantiation is required,
- 40 days after the initial debit card transaction, reminding the participant that substantiation is required, and
- 70 days after the initial debit card transaction, as a final reminder that documentation is still lacking.

After 85 days, the CYC debit card will deactivate until the participant provides substantiation. In December, CYC also sends out two notifications to participants who continue to have unsubstantiated claims as reminders to resolve their claim and to notify those participants of possible payroll withholding in the following year. In 2020, notifications were sent on [December 18](#) and [December 29](#).

Jayne Reichenberger

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Unfortunately, you did not get the communications until later into 2021 since you submitted the claim on December 17, 2020. Your claim was moved into a process where payroll deductions were taken during the runout period between January 1, 2021 through March 31, 2021. CYC received your employer payroll withholding in April 2021 along with your documentation for substantiation. During the claims review process, an overpayment of \$196.75 was received from payroll withholding and was refunded back to you in May 2021.

Looking ahead at the 2021 unsubstantiated claims process, any transactions that are less than 85 days old prior to the end of the year will not be subject to payroll withholding during the plan correction process. This will allow those who submit their claims in December 2021 to have enough time in providing their documentation.

We are also redesigning our communication strategy to assist employers and members with this process. CYC system will also allow members to substantiate their claims through the CYC portal and mobile app during the runout period. CYC will continue to provide member education to help participants understand this process for the future.

Thank you for your patience through the complexity of the FSA program and changes. We appreciate the feedback that we receive from members of the Group Health Insurance Program. Again, if you have additional questions, please reach out to me at Xiong2.Vang@etf.wi.gov or by phone at (608) 266-5875.

Sincerely,

Xiong Vang, HSA & ERA Accounts Program Manager
Office of Strategic Health Policy, Department of Employee Trust Funds

cc: Brian Stamm, Deputy Director, Office of Strategic Health Policy
Group Insurance Board Members