

FSA/Commuter Benefits Minimum Election & Carryover

Item 7A – Group Insurance Board

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Office of Strategic Health Policy





Action Needed

ETF requests the Board approve a:

- 1) ***minimum annual election*** amount of \$50 for flexible spending accounts (FSAs) and commuter benefits
- 2) with any balances less than \$50 (***minimum carryover***) to be carried over into the next plan year, effective January 1, 2023

Current State on FSAs and Commuter Benefits

Benefits are offered to State employees allowing pre-tax deductions

No minimum annual election or carryover requirement for FSAs or commuter benefit accounts

Carryover amounts are made available to members by April 15

Forfeitures are returned back to the program and held in trust by ETF

Identify Discrepancies

In-eligible carryovers

- Members may continue to have carryover balances made available

Manual corrections

- Optum must work with the employers to send manual corrections

Financial risks

- Members can overspend funds that they were not eligible for

De-listing communications

- Members being confused with communications received by Optum

Historical Carryover Data

- FSA/Commuter balances under \$50 with no annual election in the new plan year

	2019 Accounts	2019 Carryover into 2020	2020 Accounts	2020 Carryover into 2021	2021 Accounts *	2021 Carryover into 2022 *
FSA	923	\$15,871.87	1,014	\$17,123.32	1,009	\$16,134.70
Commuter			464	\$6,108.56	470	\$6,012.52
Total	923	\$15,871.87	1,478	\$23,231.88	1,479	\$22,147.22

** Preliminary estimated projection numbers only
(excluding terminated employees)*

Projected Estimated Costs

Estimated costs on 2021 carryover balances into 2022 if no annual election requirement was made

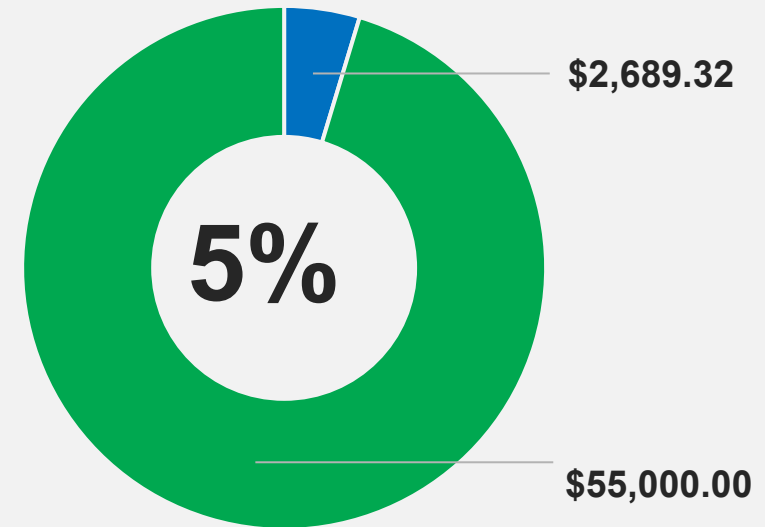
	2021 Accounts *	Admin Fees Per Month	Total Cost Per Month	Total Annual Cost (x12 Months)
FSA	1,009	1.58	\$1,594.22	\$19,130.64
Commuter	470	2.33	\$1,095.10	\$13,141.20
Total	1,479		\$2,689.32	\$32,271.84

** Preliminary estimated projection numbers only
(excluding terminated employees)*

Administrative Fees Saving Per Month

- **Total Cost Per Month:** \$2,689.32
- **Average Admin Fees Per Month:** \$55,000
 - \$2.7k divided by \$55k = 5% cost

Average Monthly Savings Per Month



Projected Yearly Cost Maintenance

Estimated administrative cost for an employee with an FSA and Commuter plan account carryovers

2022	Admin Fee Per Month	Total Annual Cost (Admin Fee x12 Months)
FSA	1.58	\$18.96
Commuter	2.33	\$27.96
		\$46.92

Other States and Federal Agency

Illinois

FSA
minimum
election of
\$240

Michigan

No FSA
minimum
election
requirement

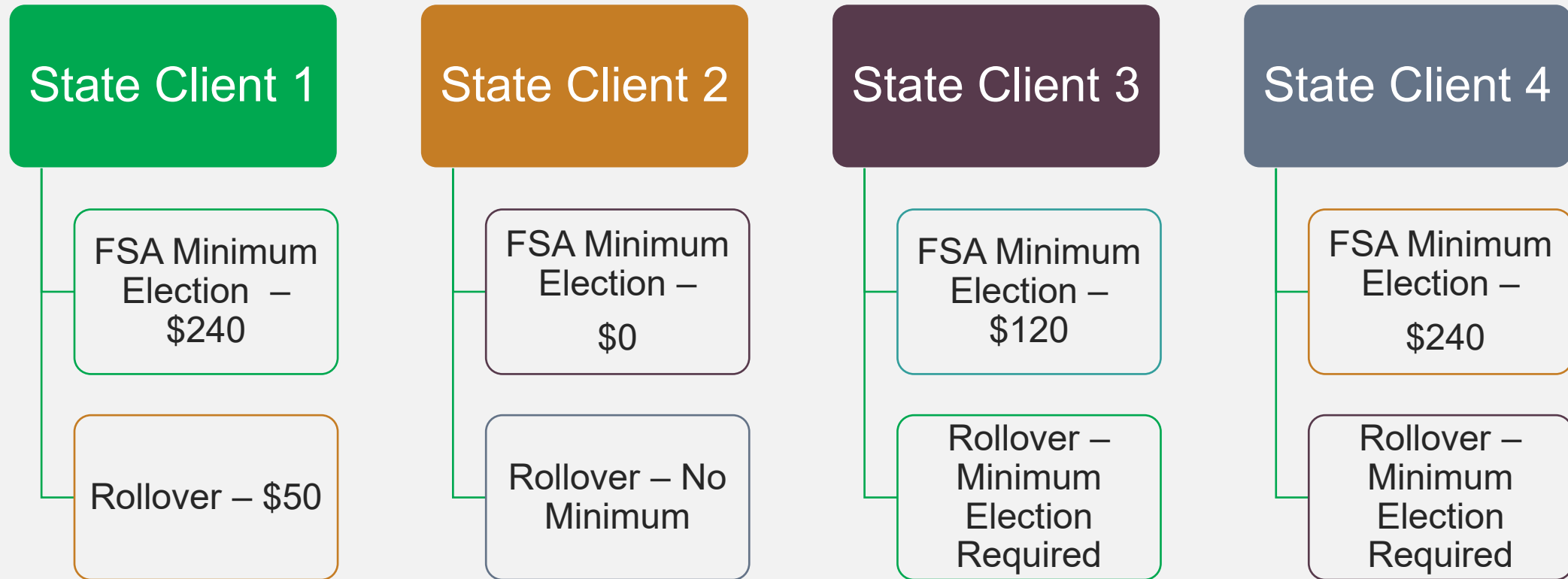
Minnesota

FSA
minimum
election of
\$100

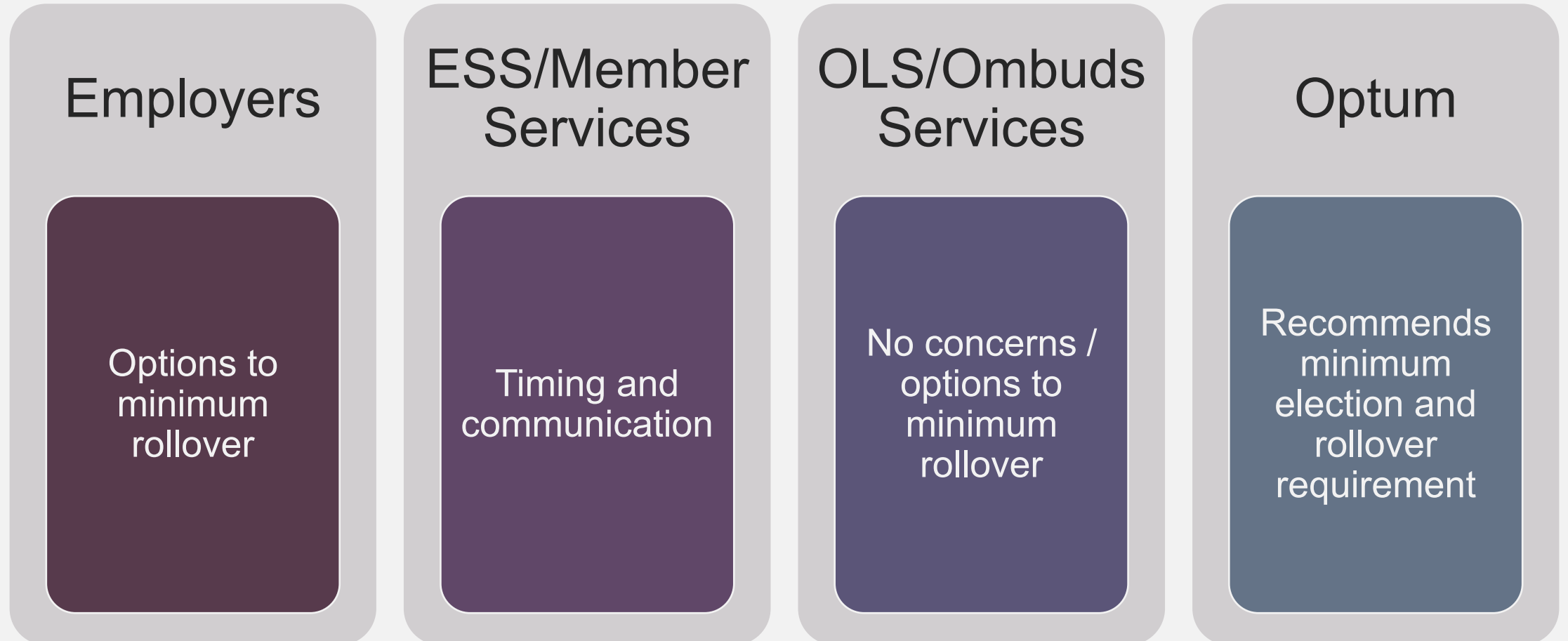
Office of Personnel Management

FSA
minimum
election of
\$100

Clients of Optum



Stakeholders Feedback



Proposal Options

Option 1

Minimum election
and rollover of
\$50 per year
(Recommends)

Option 2

Minimum election
and rollover of
\$20 per year

Option 3

No changes

Specifics of Proposal



All 2022 eligible balances will be carried over into 2023



Amounts less than \$50 by the end of 2023 plan year will require to have a minimum election



Internal control to prevent further discrepancies



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The background is a dark blue gradient with numerous out-of-focus light spots in shades of blue and purple, creating a bokeh effect.

Questions?

Thank you



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