

From: [Bender, Annette C - DHS](#)
To: [ETF SMB Board Feedback](#)
Subject: Year End Unsubstantiated Claims
Date: Saturday, February 18, 2023 7:33:46 AM
Attachments: [February 18.docx](#)

Please see attached letter/grievance for documentation.

Thank you

Annette Bender

Financial Program Supervisor

Mendota Mental Health Institute/Central Wisconsin Center



February 18, 2023

RE: Optum FSA Unsubstantiated Claim Process

To Whom It May Concern:

My name is Annette Bender and I am writing to express my concern, frustration and overall dissatisfaction with the handling of the year end FSA process.

I had an Flexible Spending Account (FSA) Claim which required documentation prior to payment (I had used the payment card). The first Explanation of Benefits I uploaded to the Optum portal was not accepted. I then worked with the provider to receive the correct documents that Optum would accept.

Notice was sent regarding upcoming year end deadlines of December 31, 2022 for CY22 claims to be substantiated. I uploaded the documents on December 27, 2022 which is prior to year end.

Optum had not even reviewed them as of December 31, 2022. As a result, my “unsubstantiated” claim was placed on a list which is subsequently sent to Central Payroll and resulted in a deduction schedule for the next month to “pay back” the claim that I supposedly had not completed. I reached out to Central Payroll and Optum, explaining that I had submitted the documentation prior to the deadline and could prove it and requested my name be removed from this list as it was not applicable. I also inquired why I was being penalized for following the policy and meeting the deadline. All parties denied any accountability and simply stated there was nothing they could do. If it was found to be in error, the deductions would be refunded in April or May of 2023. This is not an acceptable practice.

I reached out to the ETF Ombudsperson for assistance as well. The issue was finally resolved, but not until one “installment” of this repayment had already been deducted; which I must now wait until April or May of 2023 to have refunded—when it should never have been deducted at all.

The concerns are multiple:

- The 12/31/xxxx is not a reasonable deadline. By imposing this deadline you are effectively denying participants access and reasonable time to substantiate any claims. Participants may be required to “pay back” any unsubstantiated claims which can/would cause undue hardship to some participants.
- This deadline also effectively denies participants a full calendar year to use their FSA benefits/deductions as they would not have the time to substantiate any late December claims.
- These repaid claims are deducted “post-tax” from participants bi-weekly paychecks when the original payments to FSA are pre-tax, effectively negating any tax advantages.
- Refunds are also assigned post tax which can interfere and affect a participants overall tax rates by effectively increasing their taxable income.

- The fact that refunds are not issued until April or May because:
“Employers are not able to refund early and the Optum does not have the ACH funds yet until the end of March.”

This is another anomaly which makes no sense. The “repayment” was deducted from the paycheck therefore someone (ETF or Optum) has the funds and should have the ability to refund immediately when the error is discovered. I don’t believe either entity has the right to hold funds that were wrongfully deducted for a period of 2 months or longer before issuing a refund.

The FSA plan is intended to be a benefit for the participants, but actions and rules such as these are a detriment and possible economic harm to some. These scenarios leave the perception that the only people who benefit from this policy are ETF and the FSA provider.