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 SECRETARY

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**Correspondence Memorandum**

**Date:** July 24, 2023

**To:** Group Insurance Board

**From:** Xiong Vang, HSA & ERA Accounts Program Manager  
 Office of Strategic Health Policy

**Subject:** Pre-Tax Savings Programs Audit Update and Contract Extension  
 Negotiation Status

**This memo is for informational purposes only. No Board action is required.**

**Audit Background**

The Wisconsin Department of Employee Trust Funds (ETF) has provided quarterly updates since February 2023 on audit progress to the Group Insurance Board (Board). The Health Savings Account, Health Care Flexible Spending Account (FSA), Limited Purpose FSA, Dependent Day Care Account, Transit Account, and Parking Account are administered by Optum Financial (Optum). An audit was completed by ETF's Office of Internal Audit evaluating the design and operating effectiveness of internal controls over Optum's compliance with the pre-tax savings account contracts for the 2020 and 2021 plan years ([Ref. GIB | 02.22.23 | 11](#)).

**Audit Update**

Optum has completed several action items for the 2020-2021 Pre-Tax Savings Account Program Audit. Of the twenty (20) action items fourteen (14) have been completed (70% completed), and six (6) items remain in progress. See Attachment A for more details.

**Plan Finalization Report and Business Debt Report**

Optum took measures to ensure the 2022 Plan Finalization Report, and the 2022 Business Debt Report were reviewed before distributing the reports to ETF in May 2023. A secondary review of the reports was completed by Optum's internal staff with an acknowledgment letter showing the key areas that were reviewed by Optum (see Attachment B).

The 2022 Plan Finalization Report shows 75-80% fewer discrepancies compared to the 2021 plan year. The preliminary discrepancies were related to enrollments that were resolved with the employers prior to distributing the report to ETF. OSHP and Optum

*Eileen Mallow*

Reviewed and approved by Eileen Mallow, Director, Office of Strategic Health Policy  
 Electronically Signed 08/08/2023

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will coordinate a process to compare Optum enrollments to ETF Wisconsin Employer Benefit System (WEBS) prior to the end of the plan year and resolve any discrepancies.

In addition, Optum added communications to their call center to improve ETF's member experience related to inquiries on claims invoicing. Optum's account management team provided direct communications to its Call Center Leadership and Customer Service Representative Trainer. Optum's call representatives were educated on how to assist members with claims-related questions.

The 2022 Business Debt Report reflected a 58% reduction in the amount of claims the Division of Trust Finance is having to collect from members (see Table 1).

*Table 1. 2021-2022 Business Debt Report Comparison*

<b>Year</b>	<b># Claims</b>	<b># Members</b>	<b>\$ Amounts</b>
2022	542	373	\$96,194.14
2021	1,209	876	\$228,247.23

ETF has seen fewer discrepancies in both reports after the controls were added by Optum.

### **Claims Substantiation**

Optum reviewed its internal training for claims adjudicators processing and auditing claims based on potential risks. Attachment B (page 3) shows Optum's leadership confirmed that claims are being evaluated, approved, and processed correctly and in compliance with IRS regulations. The training curriculum noted in Optum's acknowledgment letter outlines the areas they use to train new staff.

Overall, Optum's implementation of processes and controls to address ETF's audit findings continues to be on track, and the remaining six (6) action items are expected to be completed by the end of the 2023 plan year.

### **Contract Extension Negotiation**

The Board approved the final two-year extension of Optum's contract for the 2024-2025 plan year on May 18, 2022 ([Ref. GIB | 05.18.22 | 7C](#)). ETF and Optum are in the process of amending the contracts to include audit recommendations related to performance standards and to adjust the per member per month administrative fees in the contracts for the 2024-2025 plan year contract extensions. When Optum acquired ConnectYourCare (CYC), they assumed all of the rights and responsibilities under the contracts between CYC and ETF. ETF has provided ample time for contract requirements to be met by Optum, and while many were, a few still have not. ETF believes we should not pay for services that were promised but not provided, hence the reason for the reduction in the per member per month administrative fees.

ETF proposes price adjustments for the following reasons:

- Dependent Day Care Account: Significant loss of functionality for participants having to manually substantiated claims for reoccurring claims and not being able to use the payment (debit) card.
- HR Command: Optum not able to fulfill HR Command dashboard for ETF administrative account access.

The features were described in the original proposal submitted by CYC, but the functionality has not been provided to ETF and their members.

ETF had expected the contract amendments to be signed before the August Board meeting. Due to delays in Optum's response time regarding the audits and continuing discussion over contract amendment terms, ETF now expects to have the contract amendments signed by Optum and the Board's Chairperson before the end of August 2023.

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

Attachment A: [Follow-up Report on TPA Contract Compliance Audit of Optum Financial for the ERA, HSA, and CB Programs 07.24.2023](#)

Attachment B: [Optum's Financial Checklist, Acknowledgment Letters, and Responses](#)