



**STATE OF WISCONSIN**  
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 SECRETARY

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**Correspondence Memorandum**

**Date:** October 12, 2023

**To:** Group Insurance Board

**From:** Xiong Vang, HSA & ERA Accounts Program Manager  
 Molly Dunks, Disease Management & Wellness Program Manager  
 Office of Strategic Health Policy

**Subject:** Section 125 Cafeteria Plan, Health Savings Account, Employee Reimbursement Account, and Commuter Fringe Benefit Account Programs Request for Proposals

**The Department of Employee Trust Funds (ETF) requests approval from the Group Insurance Board (Board) to issue a Request for Proposals (RFP) to select a vendor(s) to provide Administrative Services for the Section 125 Cafeteria Plan, Health Savings Account (HSA), Employee Reimbursement Account (ERA), and Commuter Fringe Benefit Account Programs, effective January 1, 2026.**

**Background**

On May 7, 2019, the Board entered into contracts with ConnectYourCare (CYC) as the third-party administrator for the Section 125 Cafeteria Plan, HSA, ERA, and commuter fringe benefit programs for the period starting May 7, 2019, through December 31, 2021. The contracts included provisions that allow for two, two-year extensions. CYC was acquired by Optum Financial (Optum) in November 2020. The first extension of the contracts was approved by the Board on February 16, 2021, and allowed Optum to continue administering the contracts through December 31, 2023. The second two-year extension was approved by the Board on May 18, 2022, for the period of January 1, 2024, through December 31, 2025. The two-year extensions have been exhausted and therefore, an RFP is needed.

The HSA, Health Care Flexible Spending Account (FSA), Limited Purpose FSA, Dependent Day Care Account, Parking Account, and Transit Account are referred to as pre-tax savings accounts. The Health Care FSA, Limited Purpose FSA, and Dependent Day Care Account are also known as ERAs. These pre-tax savings accounts allow participants to use pre-tax dollars to pay for certain qualified expenses such as medical, pharmaceutical, vision, dental, dependent day care, transportation, and parking. By using pre-tax dollars to pay for these expenses, employees reduce their taxable gross income, which can significantly reduce their state and federal tax liabilities and increase

*Eileen Mallow*

Reviewed and approved by Eileen Mallow, Director, Office of Strategic Health Policy  
 Electronically Signed 10/26/2023

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their take-home salaries. Employers can also reduce their tax liabilities when employees participate in the pre-taxing savings accounts.

### **RFP Structure**

The new RFP will be a single release with two contractual components:

1. Section 125 Cafeteria Plan, ERA, Commuter Fringe Benefits
2. HSA

Vendors will be able to bid on the program listed in “1” above, the programs listed in “2” above, or both. The RFP will be structured in a way that maximizes bidding efficiency by reducing duplicative questions and submissions and increases administrative ease.

### **Request for Development and Release of an RFP**

Several vendors have inquired about the possibility of ETF releasing a new pre-tax savings account RFP. ETF believes that an RFP will solicit several competitive and innovative proposals from vendors.

If the Board approves the release of an RFP, ETF will develop it with the intent to contract with one or more vendors that commit to:

- Delivering high quality benefits and services.
- Delivering an easy-use technology platform for claims substantiation.
- Implementing contracts that reflect industry best practices.
- Championing member communication, engagement, and education.
- Improving debit card functionality for all pre-tax saving accounts.
- Offering the ability to submit reoccurring claims for a Dependent Day Care Account.
- Offering enhanced and straightforward end-year reporting.

The key areas above will be addressed within the RFP to improve the service level for members.

Contract(s) resulting from the RFP will be for a three-year period, from January 1, 2026, through December 31, 2028, with two additional, two-year extensions permitted. If approved by the Board, ETF will proceed with the preparation and distribution of the RFP as outlined in the timetable below.

*Table 1. Proposed RFP Timetable*

<b>Month/Year</b>	<b>Action</b>
<b>April 2024</b>	Publish the Pre-tax Savings Account Program RFP
<b>August 2024</b>	Proposals due from vendors

<b>Month/Year</b>	<b>Action</b>
<b>September 2024-November 2024</b>	Evaluation committee reviews vendor submissions and if necessary, vendor presentations will be given
<b>December 2024</b>	Evaluation committee makes their selection
<b>February 2025</b>	Board presentation on evaluation committee's findings
<b>May 2025</b>	New pre-tax savings account program contract(s) negotiated and signed
<b>May 2025-December 2025</b>	Vendor(s) works with ETF and stakeholders to implement contract(s)
<b>January 1, 2026</b>	Members' pre-tax savings account benefits begin under new contract(s)

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