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## Correspondence Memorandum

**Date:** July 30, 2025  
**To:** Group Insurance Board  
**From:** Xiong Vang, HSA and ERA Accounts Program Manager  
Office of Strategic Health Policy  
**Subject:** Pre-Tax Savings Account Program Audit Follow-up (2022-2023)

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

### Background

In February 2025, the Department of Employee Trust Funds (ETF) presented the 2022–2023 Pre-Tax Savings Account Program Audit results to the Group Insurance Board (Board) ([Ref. GIB | 02.26.25 | 6](#)). The audit covered health savings accounts, employee reimbursement accounts (ERA) and commuter benefit accounts administered through contracts with Optum Financial (Optum). ETF and Optum Financial (Optum) have since worked on implementing the audit's recommendations and improving the identified internal controls.

### Audit Findings Progress and Recent Activities

Significant progress has been made on the audit findings. 19 of the 21 total action items have been completed, representing a 90% completion rate. The remaining two items are in progress and expected to close out by September 2025. A detailed summary of all recommendations and their status is provided in Attachment A. The following is a summary of the activities completed since the May Board meeting:

#### ERA and Commuter Benefits Claims Substantiation (Finding #1)

- **Assessment of Penalties**  
ETF has continued to work collaboratively with Optum to improve the substantiation process and enhance member communication. ETF has seen improvement since the 2022-2023 audit. ETF has determined that no additional penalties will be assessed.
- **Claims Adjudicator Training**  
Optum's Director of Operations provided an attestation letter confirming that additional training was delivered to the subcontractors responsible for claims

Reviewed and approved by Renee Walk, Director, Office of Strategic Health Policy  
Electronically Signed 07/29/2025

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adjudication. The training specifically addressed improvements in claims substantiation practices to align with IRS requirements.

Quarterly Performance Standards Reporting Deficiencies (Finding #2)

- **Audit Trail Requirements**  
Optum established a standardized format for maintaining and storing supporting documentation, ensuring traceability to reported values on the performance standards.
- **Penalties for Supporting Documentation**  
Optum's contract runs through December 31, 2025, so it is not reasonable to amend the contract with Optum. Starting January 1, 2026, TASC will take over administration of the pre-tax benefit programs. The contract with TASC includes clarified standards and penalties for claims accuracy and timeliness.
- **Data Values Review**  
Optum conducted a review of financial data values related to performance standards to ensure alignment with contractual requirements. In mid-2023, Optum transitioned to a new reporting system to improve data accuracy and is now compliant with contract terms.
- **Validation Measures**  
Optum's leadership and data reporting team now carefully review all quarterly performance standard reports and supporting documentation before submitting them to ETF. Optum also reviewed sample data for each performance standard to verify accuracy and compliance. In addition, all reports must be reviewed and approved by Optum's senior leadership before sending to ETF.
- **System Adjustments**  
Optum reviewed performance standards data values related to the plan level versus the book of business level. In mid-2023, Optum transitioned to a new reporting system and now has the ability to report all performance standards at the client level instead of the book of business level. The new system improves data accuracy and compliance, with metrics pulled directly from Optum's internal system and supported by documentation. Based on Optum's demonstration, ETF determined no further action is required at this time.

ETF is currently reviewing the remaining two audit deliverables (see Attachment A) and anticipates closing out the audit by the end of September 2025.

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