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Correspondence Memorandum

Date: October 29, 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.

Audit Update

In February 2025, the Department of Employee Trust Funds (ETF) presented the results of the 2022-2023 Pre-Tax Savings Account Program Audit to the Board ([Ref. GIB | 02.26.25 | 6](#)). The audit reviewed the administration of health savings accounts (HSAs), employee reimbursement accounts (ERAs), and commuter benefit accounts (CBs) administered by Optum Financial (Optum).

ETF has provided regular updates at each Board meeting throughout 2025 on the audit's progress and related deliverables ([Ref. GIB | 05.21.25 | 13O](#) and [Ref. GIB | 08.13.25 | 9M](#)). Since the August Board meeting, two audit deliverables related to supporting documentation remained outstanding. ETF and Optum completed two of the final deliverables on October 6, 2025, which concludes the audit. In total, 21 action items were reviewed and successfully implemented through joint efforts by ETF and Optum.

A detailed summary of all recommendations, along with a completion timeline, is provided in Attachment A. Below is a summary of the actions taken in response to each of the three audit findings.

ERA and Commuter Benefits Claims Substantiation (Finding #1)

- Optum evaluated their internal claims processing protocol and provided appropriate corrective actions to improve adjudicating claims. Optum updated training materials and standard operational procedures to align with current requirements.

Due to Optum's cooperation and improvements in controls, ETF chose not to assess any penalty related to this audit finding.

Reviewed and approved by Renee Walk, Director, Office of Strategic Health Policy
Electronically Signed 10/23/2025

Board	Mtg Date	Item #
GIB	11.12.25	13E

Quarterly Performance Standards Reporting Deficiencies (Finding #2)

- ETF received supporting documentation related to the quarterly performance standard reports. To address the deficiencies, Optum provided staff training focused on developing reports that align with contract requirements, use reliable data, and follow proper validation procedures. Optum also implemented a two-level review process prior to submitting quarterly reports to ETF. Additionally, Optum demonstrated its documentation retention practices and established a version control policy.

Due to Optum's cooperation and improvements in controls, ETF chose not to assess any penalty related to this audit finding.

Administrative Fee Invoicing (Finding #3)

- Optum implemented corrective actions in December 2024 and early 2025 to address issues related to administrative fee invoicing and duplicate billings. In collaboration with ETF, additional internal processes were developed to review administrative invoices and establish quality checks to detect potential discrepancies. Since these controls were implemented, no errors or duplicate billings have been identified.

Conclusion

Optum's account executive relations director and ETF's program manager have ensured that all recommendations and audit deliverables were thoroughly implemented and completed. Optum has been responsive and cooperative throughout the audit process and has made appropriate improvements to the administration of the programs.

Additionally, ETF has proactively engaged with the new pre-tax vendor, Total Administrative Services Corporation (TASC), to review the audit findings and ensure robust internal controls are in place for 2026.

This memo concludes the 2022-2023 audit for the Pre-Tax Savings Account Programs.

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

Attachment A: [Third-Party Administrator Contract Compliance Audit: Optum Financial – Health Savings Accounts, Employee Reimbursement Accounts, and Commuter Benefits](#)