



State of Wisconsin
Health Savings Account (HSA),
Employee Reimbursement Accounts (ERA),
Commuter Fringe Benefits Programs
Fact Sheet 2020

The Health Savings Account (HSA), Employee Reimbursement Accounts (ERA), and Commuter Fringe Benefits Program are optional benefits that allow participants to use pre-tax dollars to pay for certain Internal Revenue Service-approved expenses.

Program Review

- The HSA program is authorized under Section 125 and 223 of the Internal Revenue Code and Wisconsin Statutes 40.515.
- The ERA program was established by 1987 Wisconsin Act 399, as authorized under Sections 125, 105, and 129 of the Internal Revenue Code and Wisconsin Statutes 40.85-40.875.
- The Commuter Fringe Benefit program is a qualified transportation benefit plan authorized under Section 132 of the Internal Revenue Code.
- The Department of Employee Trust Funds and the Group Insurance Board (Board) have statutory authority for program administration and oversight.

HSA Program Benefit Plan Option:

- An individually-owned, tax-advantaged account use to pay for current or future eligible health care expenses.

ERA Program Benefit Plan Options:

- **Health Care Flexible Spending Account (HCFSA):** used to pay for any eligible out-of-pocket medical expenses not reimbursable by any insurance coverage (e.g. copayments, deductibles, coinsurance, glasses, and prescription drugs).
- **Limited Purpose Flexible Spending Account (LPFSA):** only available to employees who enroll in the High Deductible Health Plan and HSA. The LPFSA is similar to regular Health Care FSA, but is designed to work in conjunction with the HSA. It is used to pay for any eligible out-of-pocket medical expenses not reimbursable by any insurance coverage (e.g. copayments, deductibles, coinsurance, glasses, and prescription drugs).
- **Dependent Day Care Account Program (DCAP):** used to pay for eligible dependent care expenses to allow the employee and spouse to work, or spouse to attend school full time.

Commuter Fringe Benefits Program Benefit Options:

- **Parking Account:** used to pay for eligible work-related parking expenses with pre-tax dollars.
- **Transit Account:** pre-tax dollars can be used to pay for eligible transit expenses related to a participant commuter to work.

By using pre-tax dollars to pay these types of expenses, employees effectively reduce their taxable gross income which can significantly reduce their state and federal tax liabilities and increase their take-home salaries.

Program Administration

The Board contracts with a third-party administrator to provide marketing, recordkeeping, payment processing, claim reimbursements, and other administrative services. Optum Financial (formerly ConnectYourCare) is under contract through 2023.

Who is Eligible for the HSA, ERA, and Commuter Fringe Benefits Programs?

- Most full-time or part-time classified and unclassified state and university employees are eligible to participate.
- Employees who are classified as fellows, scholars, and research assistants in the University of Wisconsin-System, limited term employees (LTEs), student hourlies, per diems, and other temporary employees may not participate.
- UW Hospital & Clinics employees are not eligible for Commuter Fringe Benefits (Parking Account and Transit Account).

2020 Participation and Program Savings

Benefit Plan Option	Number of Participants	Amount Contributed	Estimated Employee Savings*	Estimated Employer FICA Savings
Health Savings Account	10,011	\$90,607,997.33**	\$10,440,197.91	\$2,662,250.47
Health Care FSA /Limited Purpose FSA	20,356	\$22,106,946.72	\$6,688,687.18	\$1,705,615.23
Dependent Day Care Account	3,927	\$12,989,509.90	\$4,068,004.16	\$1,037,341.06
Parking Account	1,963	\$1,335,555.27	\$349,552.69	\$89,135.94
Transit Account	718	\$223,915.74	\$48,442.04	\$12,352.72
TOTAL	36,975	\$127,263,924.96	\$21,594,883.98	\$5,506,695.42

*Employee tax savings estimates are based on a 30% total tax rate (federal, state, and FICA combined). Individual taxes will vary.

** Includes HSA assets of transfer balances from prior vendor and personal HSA.