

Health savings account

Administration reference manual



Optum Financial resources

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Optum Financial employee resources

Customer Care Center

Phone: **1-833-881-8158**

Hours: 24 hours a day, 7 days a week

Chat: 24 hours a day, 7 days a week

Claims mailing address: Claims Department
P.O. Box 622317
Orlando, FL 32862-2317

Fax: 1-443-681-4602

Email: of-service@of.optum.com

Online: myoptumfinancial.com/etf

Health Services Identification (HSID)

Phone: **1-844-973-3923**

State of Wisconsin Department of Employee Trust Funds

ETF website: etf.wi.gov

The ETF website provides a link to the HSA program information. Click on the “Benefits” tab at the top of the page. You may also search “Pre-Tax Savings Accounts” to find HSA program information.

Keep this booklet for your reference throughout the plan year.

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General information

A health savings account (HSA) allows account owners to pay for current health care expenses and save for future expenses. This tax-advantaged investment vehicle is unique in that it offers 3 separate tax benefits:

- Pre-tax payroll contributions
- Tax-free earned interest on investment funds
- Tax-free distributions for qualified expenses

With an HSA, participants can contribute funds into an HSA via pre-tax payroll contributions to pay for qualified health care expenses. The funds are held in a custodial account until a qualified health care expense is incurred, at which point funds can be withdrawn from the account, or the participant may directly access funds with the payment card.

Unlike a flexible spending account (FSA), there is no use-it-or-lose-it rule. Unused balances at the end of the plan year are retained in the account and carried over to subsequent plan years. Funds in a participant's account belong to the participant and are portable: they stay with the participant even if they terminate employment. Expenses can be reimbursed as long as they were incurred after the HSA was opened and can be reimbursed at any time.

And finally, an HSA allows participants to invest in their future! When an HSA balance exceeds a minimum of \$1,000, those excess funds may be transferred to an HSA investment account to be invested in our top-rated mutual funds – where earnings grow tax-free.

Plan summary and eligibility

An HSA is established by an eligible individual to pay for qualified health care expenses incurred by the eligible individual and any dependents.

- State employees, except those who are eligible for the graduate assistant/short-term academic staff benefits package and are not in the Wisconsin Retirement System, are eligible to participate.
- Limited Term Employees (LTEs) who are eligible for the State of Wisconsin Group Health Insurance Program are eligible to participate.
- Retirees are eligible to participate in the HSA if they continue coverage under the State high-deductible health plan (HDHP).

To enroll in an HSA, participants must be enrolled in a qualified It's Your Choice (IYC) HDHP. In addition:

- They cannot have any other health coverage (except for permitted coverage) that pays for out-of-pocket health care expenses before they meet their plan deductible, including Medicare A and B.
- They cannot be covered by TRICARE, or have accessed their Veterans Administration (VA) benefits in the past 90 days (to contribute to an HSA). Exceptions may apply.
- They cannot be claimed as a dependent on another person's tax return (unless it's their spouse).
- They (and their spouse) cannot have a health care FSA in the same year, but could be eligible for a limited purpose flexible spending account (LPFSA).

NOTE: They must notify their human resources/benefits office of any other medical coverage when enrolling in, and at any point while enrolled in, the HDHP and HSA.

HDHP requirements

HSAs are only available to employees who are enrolled in one of the IYC HDHPs. The Department of Employee Trust Funds (ETF) offers 2 HDHPs, and both meet all of the IRS's HDHP requirements. If an employee enrolls in a IYC HDHP, they MUST participate in the HSA. For more information on the State of Wisconsin's HDHPs, please reference the [It's Your Choice website](#).

Health savings accounts (HSAs) and flexible spending accounts

Only under certain circumstances may a participant establish and fund an HSA in addition to funding a limited purpose flexible spending account (LPFSA). Both accounts may be funded as long as the benefits being reimbursed through the limited purpose FSA are limited to benefits or costs not covered by the HDHP itself. For example, if the HDHP does not cover dental or vision expenses, the LPFSA may be established to reimburse only dental and vision expenses.

Additionally, an LPFSA may be used for post-deductible expenses. ETF and Optum Financial do not track an individual's deductible or the amount remaining within a deductible. The participant should keep track of their deductible and remaining amount. Participants are responsible for compliance with this regulation. Once they have met their deductible, they should complete and return the [Deductible Met Form](#) with the applicable documentation, such as a copy of their EOB (Explanation of Benefits), that proves that they have satisfied their deductible (applies to all such requests).

For participants who have both an HSA and an LPFSA, they will receive one payment card that can be used for both benefits. This is possible because each benefit account has its own "purse" on the card. The payment card is smart enough to know from which purse to pay for expenses based upon the merchant where a participant is paying for the product or service. It recognizes the provider's ID, called a merchant category code (MCC). If a participant goes to the dentist and swipes their payment card, the card will pull funds from the LPFSA purse because that is the account for dental and vision expenses. If the participant is at the pharmacy, the payment card will pull funds from the HSA purse. An important note:

- If a participant swipes their payment card at a dental or vision provider and the expense is more than the LPFSA available balance, the payment card is smart enough to pull the remaining amount from the HSA purse. The participant will not need to swipe the payment card twice.
- If a participant submits a form to request reimbursement, the funds will be deducted from the account based on the form submitted. There are separate forms for the LPFSA and HSA accounts. If an expense should be split between the 2 accounts, then 2 forms will need to be submitted specifying the amount to reimburse from each.

Plan contribution and limits

Enrollment eligibility

The contributions for an HSA through a Section 125 Plan are not subject to federal and state (some states may vary) income tax and FICA. These contributions are made via payroll deduction.

Contributions are deducted from payroll on a pre-tax basis throughout the plan year and deposited into an Optum Financial HSA. Participants may also make post-tax contributions to their HSA at any time in addition to pre-tax payroll contributions (please refer to the HSA Contributions section). However, participants should ensure total annual contributions do not exceed annual limits set by the IRS. In the event participants do exceed their maximum contribution, please see the Exceeding Contribution Limits section of this guide.

Contributions to the Optum Financial HSA are subject to annual limits set by the IRS. View current limits in the chart below.

Health savings accounts (HSAs)	2024	2023
HDHP min annual deductible – individual	\$1,600	\$1,500
HDHP min annual deductible – family	\$3,200	\$3,000
HDHP out-of-pocket max – individual	\$2,500	\$2,500
HDHP out-of-pocket max – family	\$5,000	\$5,000
HSA max contribution limit – individual	\$4,150	\$3,850
HSA max contribution limit – family	\$8,300	\$7,750
HSA catch-up contribution limit – 55 or older	\$1,000	\$1,000

How to determine maximum contributions

Maximum annual contributions are determined by adding together monthly contribution limits for the year:

- The monthly contribution limit is determined on the first day of each month that a participant is eligible.
- A monthly contribution limit is 1/12 of the annual contribution limit based on health plan coverage (self-only or family) for each month.

However, if a participant is HSA-eligible on December 1 of any given taxable year, they can be treated as an eligible individual for the full year and make a full year's worth of HSA contributions, based upon the type of HDHP coverage (i.e., self-only or family) they have on December 1. Please note, a testing period applies if using this method. The testing period begins with the last month of the contribution year, December 1, and ends on the last day of the 12th month following (13 months).

If they do not continue to be an eligible individual for the entire testing period (for reasons other than death or disability), the difference between their monthly determined maximum and the amount they contributed is includable in their gross income for the year of failure and is subject to a 10% penalty tax.

NOTE: It is the responsibility of the participant to maintain eligibility status and appropriate records. The HSA is their account that they take with them. The employee reports Form 8889 to the IRS to provide the data regarding their contribution amounts. A tax professional would need to address any instance where a participant is outside of the contribution limits for tax implications and penalties.

Catch-up contribution

Eligible individuals who are age 55 or older at the end of the tax year have their annual contribution limit increased by \$1,000. Catch-up contributions can be made any time during the year in which the HSA participant turns 55. Unlike other limits, the HSA catch-up contribution amount is not indexed (meaning that it does not fluctuate based on indicators). The only way the limit can or would change is if there was a legal update to the regulations, a statutory change.

Optum Financial's HSA recognizes a participant's age based upon date of birth (which is already in place upon the setup of the HSA) and automatically adjusts the limit for those individuals who are already 55 or older.

Special rule for married individuals

Married individuals with family coverage must divide their annual HSA contribution limit equally between each other unless they agree upon a different division. For example, if either spouse has HDHP family coverage, both spouses are treated as having family coverage and their combined maximum contribution limit is the statutory HSA contribution limit for family coverage. When both individuals have self-only coverage, the amount is not divided, and each individual can contribute the statutory HSA contribution limit for self-only coverage.

The catch-up contribution is excluded from this rule and if each spouse is eligible for a catch-up contribution, they can each contribute up to \$1,000. The catch-up contribution cannot be combined or divided and must be contributed to the account of the individual eligible for the catch-up contribution.

Who can make contributions?

Contributions to an HSA may be made by a participant, the employer or anyone else who chooses to contribute on the participant's behalf. All contributions to an HSA are counted toward the annual contribution maximum and the participant receives the tax benefit, regardless of who makes the contribution. If a participant has 2 HSAs, the contributions are combined in determining their annual contribution. Contributions to an HSA may be made until April 15 for the prior calendar year.

Participants can also make post-tax contributions toward their HSA. However, additional post-tax contributions will apply toward the maximum HSA contribution limit for the year and may prevent the participants from receiving employer HSA contributions. Optum Financial will not allocate any employee or employer HSA contributions once a participant has met their maximum contribution limit.

If the participant contributed too much, they can ask for a withdrawal of the excess amount to minimize taxes and penalties. Make sure to use the Excess Contribution Form so the withdrawal is properly recorded against their contributions. The participant must have

Family coverage

If either spouse has HDHP family coverage, both spouses are treated as having family coverage and their combined maximum contribution limit is the statutory HSA contribution limit for family coverage.

Contribution deadline

Contributions to an HSA may be made until April 15 for the prior calendar year.

sufficient funds in their HSA at the time of the withdrawal. When a participant is reviewing and making adjustment to their HSA, they should consider any future employee and employer payroll deductions/contributions for the remainder of the year.

HSA employer contributions

If an employee is receiving the employer share of the high-deductible health plan premium, the employer shall contribute an additional:

- \$750 for individual coverage
- \$1,500 for family coverage

Note: The employer contribution counts toward the maximum IRS limit.

Employees who are required to pay half the total health insurance premium will receive one-half of the employer HSA contribution.

If HDHP/HSA coverage is effective after January 1st of the year, the employee will receive a prorated annual HSA state contribution based on the coverage effective date. The employee will receive \$62.50 per month for every month in which the employee has individual coverage and \$125.00 per month for every month in which the employee has family coverage.

If an employee changes their health insurance coverage level (individual to family or vice versa), the employee will receive the HSA employer contribution associated with the health insurance premium that is required for that coverage month (\$62.50 for individual and \$125.00 family).

No use-it-or-lose-it rule

Unused HSA funds are not forfeited at the end of the plan year; instead, they roll over from year to year. As the account owner of the HSA, the participant owns the funds in the account. In addition, if a participant moves from one employer to another, the contributions are not lost; they are portable.

Eligible expenses

Optum Financial HSA funds are applicable for eligible expenses, including:

- Medical/dental office visit copays
- Dental/orthodontic care services
- Eye exams and prescription glasses/lenses
- Prescriptions
- Vaccinations

Please see [HSA eligible expenses](#) for a more complete list.

It is important to point out that once a participant reaches the age of 65, they may use HSA funds to pay for Medicare parts A, B and D as well as Medicare HMO premiums income tax-free and penalty-free. However, HSA funds may not be used to pay for Medigap insurance premiums at any time.

Enrollment information

How your employee can get started

1. Your employee should read HSA reference material available on the Optum Financial ETF microsite (myoptumfinancial.com/etf) to understand how the Optum Financial HSA plan works.
2. They can refer to Optum Financial's List of HSA Eligible Expenses ([HSA eligible expenses](#)) to find out which expenses are eligible for distribution.
3. Your employee should determine their annual election based on their estimated health care costs for the upcoming plan year and the annual contribution limit for the plan. Remember, unused funds roll over into the next plan year.
4. Your employee can then enroll in an Optum Financial HSA plan (please refer to the Enrollment Information section). Once enrolled, an HSA custodial account is opened at Optum Financial (upon successful completion of identity verification; please refer to the Customer Identification Program section).
5. Your employee will receive notification from Optum Financial that the account setup is received and when it is complete. At that time, the Optum Financial HSA account will begin to accept contributions and the participant is free to access available HSA funds to pay for qualified health care expenses.
6. Your employee will receive their Optum Financial payment card in the mail at their home address within 7-10 business days of enrollment (they should watch for a plain white envelope). If your employee is a current participant, they will not be issued a new Optum Financial card. They will continue to use their current Optum Financial card.
7. Your employee can sign in to their account using the Optum Financial mobile app and the Optum Financial website to access their benefits.

Open enrollment dates

Open enrollment dates and materials are updated prior to each annual open enrollment period.

Enroll during It's Your Choice

Note: If an employee is already enrolled in an HSA, they must re-enroll each year to continue participation. Enrollments do not carry forward from year to year.

UW system employees

Enrollments are done electronically in Self Service through your MyUW Portal. UW System employees should refer to the [UW System Employee Benefits website](#) for enrollment instructions.

State of Wisconsin and Legislature employees

State of Wisconsin and Legislature employees who are paid through the STAR System should sign in to STAR at ess.wi.gov to make all benefits elections during the annual It's Your Choice period. They should contact their agency payroll and benefits staff with any enrollment questions.

UW Hospitals and Clinics (UWHC) employees

UWHC employees should contact their HR or benefit staff for enrollment instructions.

Wisconsin Economic Development Corporation (WEDC) employees

WEDC employees should contact WEDC human resources for enrollment instructions.

Wisconsin Housing and Economic Development Authority (WHEDA) employees

WHEDA should visit myoptumfinancial.com/etf and refer to the Participant Online Enrollment Guide for instructions or contact WHEDA human resources for enrollment instructions.

Beyond Vision employees

Beyond Vision employees should visit myoptumfinancial.com/etf and refer to the Participant Online Enrollment Guide for instructions, or contact Beyond Vision human resources for enrollment instructions.

Fox River Navigational Systems Authority (FRNSA) employees

FRNSA employees should contact their HR or benefits staff for enrollment instructions.

Retirees

Retirees should visit myoptumfinancial.com/etf and refer to the Participant Online Enrollment Guide for instructions. Or retirees can obtain the HSA enrollment form from the Optum Financial ETF employee website myoptumfinancial.com/etf and complete and return the form to the ETF Retiree Health Insurance Unit using one of the following methods during the IYC Open Enrollment Period.

- 1. Postal:** Mail to ETF Retiree Health Insurance Unit,
P.O. Box 7931, Madison, WI 53707-7931
- 2. Fax:** 1-608-226-5535
- 3. Email:** RetireeHealth@etf.wi.gov

Note: If they are already enrolled in an HSA, they must re-enroll each year to continue participation. Enrollments do not carry forward from year to year.

Following enrollment

Once participants have enrolled in the HSA, Optum Financial will send these items to them:

Enrollment confirmation email

Important: All communications regarding a participant's accounts will be sent to the email address listed in their online account. Participant's should make sure their email is always up to date. They can add or change their email at any time by signing in to their account and selecting Settings and Preferences from the drop-down menu under their name.

Email subject: Welcome, Your Optum Financial HSA is Now Active

Dear <Employee's First Name>

Welcome. Your Optum Financial health savings account (HSA) has been successfully opened. You will receive your HSA Welcome Package in the mail shortly. Your account information is available on the Optum Financial mobile app or online at myoptumfinancial.com/etf.

Here are a few quick tips for you to get the most out of your account:

- **Go green** – Save time, money, and paper by signing in to your account and opting in to receive your statements and other notices electronically.
- **Take your HSA with you** – Download the Optum Financial mobile app from your app store for account access anytime, anywhere.
- **Set up direct deposit** – Make reimbursements even easier by linking your HSA to a personal savings or checking account.
- **Plan for the future** – Set up your beneficiaries in your online account.

We're excited to bring you a convenient way to save.

Sincerely,

Customer Care Center

1-833-881-8158

24 hours a day, 7 days a week

NOTE: THIS IS A SYSTEM-GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL.

HSA welcome packet

- The HSA welcome packet will provide more information on how to access the HSA, as well as legal disclosures and terms and conditions.
- Participants can use Optum Financial's mobile app or their online account to check their balance, make additional contributions, transfer funds to an investment account or request a distribution.

Optum Financial payment card

General information

The convenient payment card makes it easy to pay for eligible health care expenses. Because it is a payment card, when participants use it to pay eligible expenses, funds will automatically be deducted from their accounts.

Optum Financial card advantages

- Instant reimbursements for health care.
- Instant approval of most prescription expenses as well as some health care, dental and vision expenses.
- No out-of-pocket expenses
- Easy access to funds

Receiving the Optum Financial payment card

When participants enroll in a health savings account, they are sent a payment card, which is good for 5 years. New cards are mailed during the first week of the month that the old cards expire. Participants who previously received the ConnectYourCare payment card should continue to use that card until it expires. At that time they will be issued an Optum Financial payment card.

The payment card will need to be activated by calling the number shown on the sticker affixed to the card, unless the new card is replacing a previously activated card and has the same card number. In that case, there will not be an activation sticker affixed to the card.

To activate the card, participants will need to dial the activation number on the card and will be prompted to provide:

- The full card number
- The month and year of the account holder's birthday in the following format: MM/YY
- The ZIP code on the account

Participants are not required to use the payment card, but it does offer the most convenient payment experience. Participants may opt instead to submit claims via mail, fax, Optum Financial online account or the Optum Financial mobile app.

Participants may request additional payment cards for a spouse or any dependents within their online portal. There is no charge for these dependent cards.

Additional cards ordered for a family member will have the same card number as the participant's original card. If the original card has already been activated, no additional activation is required. Replacement cards and additional cards will not have a sticker with activation instructions. If the card is reported lost/stolen, the new card will have a new card number and will need to be activated. New cards requiring activation will have a sticker with activation instructions.

If a payment card has a misspelling or participant's name has changed, the participant should contact their payroll/benefits office who can work with Optum Financial to update the information and request a new card.

Lost/stolen Optum Financial payment card and fraudulent charges

Participants should immediately report a lost/stolen card via their Optum Financial online account or by calling Optum Financial Customer Care. Participants should call Optum Financial Customer Care immediately if they identify fraudulent charges. This action deactivates the Optum Financial card to prevent fraudulent charges. Participants can review recent Optum Financial payment card transactions to identify any fraudulent charges and should contact Optum Financial Customer Care to assist with reporting the transactions as fraudulent.

Undeliverable/change of address Optum Financial cards

If a mailed payment card is returned as undeliverable or with a yellow change of address sticker by the United States Postal Service (USPS), the card vendor will review the participant's account and follow the below process:

- There is a second attempt to mail the card.
- If the second attempt is unsuccessful, the card vendor will destroy the card.

Using the payment card

Payment card purchases

Participants can use their payment card for direct payment of eligible expenses at a doctor or dentist's office, pharmacy or any vision or health care facility that accepts payment cards.

Participants can use the payment card to pay for billed health care expenses, such as coinsurance, if the provider accepts Visa payments. The participant simply enters the payment card number as payment on the bill and returns it to the provider. (The provider's expense and payment must incur in the same plan year.)

The amount of the billed expense deducts from the participant's health savings account. The reimbursement request must include a copy of documentation that substantiates the health care expense.

What's my balance?

Check your account balance via Optum Financial mobile app or Optum Financial online account.

Over-the-counter (OTC) purchases

Participants may use the payment card to purchase hundreds of OTC health care items. Examples include bandages, cough and cold treatments, contact lens solutions, feminine care products, nasal strips, pain relievers, pregnancy tests, reading glasses, etc.

Payment card declines

If the payment card declines, the participant should simply pay the expense out of pocket and submit a claim via the employee portal, Optum Financial mobile app, or using the appropriate claim form to send or fax to Optum Financial.

Optum Financial payment card declines: Reasons and solutions	
Explanation of decline	Solution
Insufficient funds	
At point of purchase, the payment card automatically checks participant's account balance to ensure funds are adequate to cover the entire purchase. If the purchase exceeds the account balance, participant's Optum Financial payment card will be declined.	Participant asks the merchant to deplete the card's account balance and pays the difference out of pocket. OR If account balance is \$0 or participant is unable to check balance, they should use another form of payment for the expense.
Expenses incurred outside of plan year or coverage period	
At the point of purchase, the payment card automatically checks participant's eligibility dates to ensure that the expense is incurred during their coverage period. If the purchase is outside of the coverage period or plan year, the payment card will be declined.	Participant uses another form of payment for the ineligible expenses. If the service date of the expense was incurred during their coverage period or plan year, participant submits a request for reimbursement. Optum Financial provides check or direct deposit reimbursements within 48-72 hours of approval.

For more information about payment card declines, contact the Optum Financial Customer Care team.

Rescinding election

Participants may request to rescind their enrollment election(s) prior to their January 1 effective date by sending a completed Election Rescind Request Form to the payroll/benefits office. Upon receipt of their request to rescind their election(s), the payroll/benefits office should communicate all approved changes to Optum Financial via the census, enrollment and contribution files.

Late and mid-year enrollment appeal process

All enrollments must be received during the open enrollment period. If employees experienced unforeseen circumstances that impeded their ability to enroll during open enrollment, they can file an appeal for consideration.

Late enrollment appeals must be received no later than January 31 and must be requested via the late enrollment process. After open enrollment ends, and prior to the start of the new plan year, any new enrollments must be requested via the enrollment appeal process.

Mid-year enrollment appeals received after January 31 must be requested via the mid-year enrollment appeal process.

Payroll centers must submit all late and mid-year enrollment appeals to Optum Financial for determination. No determinations are to be made at the payroll center level. Late and mid-year enrollment appeals are submitted by the Employer Benefits Specialist or Payroll Benefits Staff to ofetfappeals@optum.com.

Optum Financial requires the following information to process the appeal:

- A completed and signed appeal request form
- A formal letter including circumstances impeding the enrollment during the open enrollment time frame. (Proof of impediment must be included with documentation.)
- Completed enrollment form(s). Forms are available at myoptumfinancial.com/content/optumfinancial/etf/en/forms.html
- Documentation provided by the employee that supports their request; the appeal request form outlines the documentation items listed under each request reason

The information noted above should be provided via secure email to ofetfappeals@optum.com.

Once Optum Financial has reviewed the materials and a decision is made, Optum Financial will notify the employers and employees of the appeal decision.

Enrollment appeal determination letters are mailed to the employees, and Optum Financial emails the decision to their payroll/benefits office, where they will update, as necessary, payroll and other systems, as well as census, enrollment and contribution files provided to Optum Financial.

Enrollment effective date

For participants who enroll during open enrollment, coverage begins with the start of the new plan, January 1. The first contribution will be made via payroll deduction from the participant's paycheck starting in the new plan year. For mid-year enrollment, their coverage will be effective on the first of the month on or following their eligibility date. For more information and enrollment instructions, employees should contact their payroll/benefits office.

Once a participant has established their HSA they should sign in to their employee portal, myoptumfinancial.com/etf, to designate beneficiaries.

Mid-year enrollment

Newly hired/eligible employees

To enroll in the HSA program, employees must submit an Enrollment Form within 30 days following date of hire/eligibility.

These steps are completed by the employee:

1. Employee determines the amount to contribute for the remainder of the plan year following their effective date of coverage. You may need to assist the employee in determining the number of paychecks remaining in the year.
2. Employee completes an HSA Enrollment Form or may need to enroll through your benefits enrollment system. (Note: Online enrollments are available only during the annual open enrollment period.)
3. Employee returns the completed Enrollment Form to the payroll/benefits office.

These steps are completed by the payroll/benefits office:

1. The payroll/benefits office reviews the form and verifies accuracy of the number of paychecks remaining in the plan year and the date coverage begins.
2. Once verified, the payroll/benefits office updates the HRIS/payroll system.
3. Payroll/benefits office adds the change to the agency's payroll/eligibility file.
4. Payroll/benefits office uploads the file to the Optum Financial FTP site.

These steps are completed by Optum Financial:

1. Employee/participant account is updated or added to Optum Financial system.
2. Optum Financial processes the participant's enrollment and sends participant an HSA welcome packet via email.
 - Participants should set up their online account at myoptumfinancial.com/etf, and download the mobile app for easy access and additional information regarding their benefit accounts.
 - Participants should also provide Optum Financial with a personal email address to ensure delivery of important notifications regarding their benefit accounts. From their account home page, participants can select Settings and Preferences from the drop down menu under their name to add and update their contact information and communication preferences.
3. Optum Financial cards are mailed, if applicable, to the participant's home address 7–10 business days after participant receives enrollment confirmation.

Important: Once a participant has established their HSA they should sign in to their employee portal, myoptumfinancial.com/etf, to designate beneficiaries.

Decrease or increase election or cease participation

Employees may opt to decrease or increase their election or cease participation in the HSA. To do so, they must submit a Change of Election Form. The process for submitting a decrease or increase in election/cease participation follows.

These steps are completed by the employee:

1. Employee determines the amount to contribute for the remainder of the plan year following the effective date of the qualifying event. You may need to assist the employee in determining the number of paychecks remaining in the year.
2. Employee completes a Change of Election Form.
3. Employee returns completed forms and any additional required documentation to the payroll/benefits office.

These steps are completed by the payroll/benefits office:

1. The payroll/benefits office reviews the information and verifies accuracy of the effective date of the change and first payroll affected by the change.
2. Once verified, the payroll/benefits office updates the HRIS/payroll system.
3. The change is added to the agency's payroll/eligibility file.
4. Payroll/benefits office uploads file to Optum Financial FTP site.

These steps are completed by Optum Financial:

1. Employee/participant account updates at Optum Financial.
2. Optum Financial processes the participant's change in election.

If a participant terminates, their HSA will be transitioned to an orphan account. This means their HSA will no longer be administered as part of the employer's plan and will become an individual HSA. They will be responsible for paying a monthly administrative cost for their HSA. Upon termination from employer coverage, the participant will receive a letter from Optum Financial informing them of their HSA orphan status.

If a participant would like to close their Optum Financial HSA, they should complete the Optum Financial account closure form. By closing their HSA, participants are no longer eligible for the employer's HDHP. A participant must maintain an active HSA with Optum Financial to maintain the HDHP coverage. Optum Financial will deactivate their payment card on the last day of the month of the account closure. Per plan specifics, after they cease participation, employees may continue to submit reimbursement requests manually, but only through the end of the coverage period and/or only until plan funds are depleted (whichever comes first).

If a participant would like to transfer their Optum Financial HSA to another trustee, they should complete the Optum Financial transfer to another trustee form. By transferring their HSA to another trustee, participants are no longer eligible for the employer's HDHP. Optum Financial will deactivate their payment card on the last day of the month of the account transfer. Per plan specifics, after they cease participation, employees may continue to submit reimbursement requests until the HSA funds are depleted (whichever comes first).

Customer identification program (CIP) for account holders

What is CIP?

The Customer Identification Program (CIP) is followed to verify the identity of each HSA participant to fulfill the requirements of the Know Your Customer requirements under the USA PATRIOT Act. Optum Financial is required to obtain, verify and record information that identifies each person who opens an account, including an HSA. Therefore, when your employees apply for an HSA, Optum Financial will need to collect certain information about each of your employees in order to complete the identity verification process.

The required information includes:

- Full legal name
- Current physical residential address (non-U.S. addresses and P.O. Boxes are not permitted*)
- Date of birth
- Government-issued identification number (typically, Social Security number)

The stages of CIP

Employees who pass CIP

The majority of participants pass the identity verification process on the first review and without the participant having to take additional steps. Once your employees satisfactorily complete the identity verification process, they will receive a welcome letter and payment card for the HSA. Once they receive this information and the plan date is effective, they may begin to utilize and contribute to the Optum Financial HSA.

Employees whose identifies could not be verified

If the bank custodian is unable to verify an employee's identity, the bank custodian may contact the employee for additional information, such as a copy of the driver's license, W-2, Social Security card or other identifying documents. Should the employee receive a letter or request from the bank custodian, the employee must submit documentation within 90 days to resolve the issue.

Notifications are sent out during the following time frames:

- Same day
- 15 days (date from when account originally hit Pending status)
- 45 days (date from when account originally hit Pending status)
- 65 days (date from when account originally hit Pending status)

An example of this notification can be found in the employee notices section of this document.

Requested documentation should be submitted directly from the employee to the resolution center. Employees who have been asked for identification are instructed to upload the required documentation to a secure site.

In the event employees are unable to upload documentation, they may contact Optum Financial Customer Care at [1-833-881-8158](tel:1-833-881-8158) to discuss the possibility of providing documentation to Optum Financial via email. Optum Financial is able to accept the employees' documentation only once employees have acknowledged the risk presented by email communication and release Optum Financial from any and all liability for improper disclosures and/or breaches of confidentiality due to use of email, except those directly caused by Optum Financial's intentional misconduct. Once the documentation is received, it will be uploaded to the employees' online portal.

Once the account holder has successfully passed CIP, any pending contributions to the account will generally post within 2 business days.

* If the employee has only provided a P.O. Box address, the account will remain in "Wait" status and will not begin the CIP Process; a physical address is required for CIP. A notification is sent to the employee either via email or letter depending on whether Optum Financial has the employee email address on file. If an email is on file, the email will default to the personal email address on file with a URL link to update the address. The employee has 90 days to update the address AND complete the remaining CIP process. If the address update is not resolved within 90 days, the CIP status will move to declined, the account status moves to declined, the HSA policy is cancelled, and pending contributions are returned. Notification will also be given to the employee of the decline either via email or letter depending on whether Optum Financial has the email address on file.

Employee account closure

If applicable documentation is not received within 90 days to resolve CIP successfully, the employee's CIP status moves to declined, the Optum Financial bank account status moves to declined, the HSA policy is cancelled and pending contributions are returned to the employer as a credit. Additionally, the employer will revert the employee's health plan to a non-HDHP, effective as of the date the health insurance was effective or the date the qualifying life event took place. Employees are not able to change their non-HDHP with their employer once it has been reverted and passed the deadline. This is ETF's plan design for the HDHP HSA program. Unless the employee has a mid-year qualifying life event to change their health plan, the employee will need to wait until the next It's Your Choice (IYC) Open Enrollment election to enroll in the HSA. Notification that the employee's HSA could not be opened will be made to the employee either via email or letter depending on whether Optum Financial has the email address on file. An example of this notification can be found in the Employee Notices section of this document.

Reports

The following reports, available in the Employer Dashboard, are helpful resources for administrators.

Account balance and administrative reports

Report name	Report description
HSA pending accounts	Employees who have not completed the account opening process so their HSAs are pending; contributions submitted for the HSA will be unable to post.
Active employees with closed HSAs	Employees with active enrollment in the HSA for a selected plan year, but the HSA is closed so contributions will not post.
Contributions for an employee	All contributions for a selected employee for a given date range.

Report name	Report description
Contribution invoice discrepancies	Differences between contributions submitted and what posted for the selected funding invoice.
Pending contribution details	Contributions that have not been posted because the employee has not yet completed the setup process.
Unsettled contribution detail	The unsettled contribution detail report can either be displayed on the employer dashboard or in a CSV file via email.

Employee notices

Optum Financial sends out notices to alert employees to the status of their account opening and to provide helpful information on what documentation is needed to finalize account opening.

Notifications to employees whose identifies could not be verified

This notification is sent out multiple times (see Employees whose identifies could not be verified section):

Subject Line: Your HSA: further action is required

Dear <Employee First Name>,

We are very pleased to receive your enrollment for an HSA through your employer, State of Wisconsin. However, additional information is required from you before we can open your account.

Due to regulations established by the USA PATRIOT Act, we need to verify some personal information about you. Before your HSA can be opened, you will need to submit one form of documentation for each reason listed in the table below. Any contributions made by you or your employer will not be made available to you until your account is opened.

Reason for request	Documentation needed
Documentation is required to verify full name, with current residential address, and Social Security number	Social Security card – issued by Social Security Administration (DHS “Work Only” authorization accepted); the Fraud and Operations Compliance department may require another form of documentary evidence to support this document, such as paystub dated within past 30 days only if it reflects full SSN or TIN, Social Security benefits award letter, military service record – DD214 (only if it reflects SSN), IRS form W-2 (must be dated within 5 years), IRS form 1099 (must be dated within 5 years), IRS form 5498 (must be dated within 5 years), IRS form 1098 (must be dated within 5 years)
Documentation is required to verify last name with Social Security number	State-issued driver’s license (current, unexpired), U.S. military driver’s license (current, unexpired), U.S. dept. of state driver’s license (current, unexpired), state-issued ID card (current, unexpired), U.S. military ID card (current, unexpired), U.S. passport card (current, unexpired), state-issued permit (current, unexpired, does not include temporary licenses), Social Security card – issued by Social Security Administration (DHS “work only” authorization accepted); the Fraud and Operations Compliance department may require another form of documentary evidence to support this document, such as marriage certificate issued by the state, divorce decree issued by the state, permanent resident card (aka, green card), I-766 employment authorization card

Reason for request	Documentation needed
Documentation is required to verify full name with Social Security number	Social Security card – issued by Social Security Administration (DHS “Work Only” authorization accepted); the Fraud and Operations Compliance Department may require another form of documentary evidence to support this document, such as paystub dated within past 30 days only if it reflects full SSN or TIN, Social Security benefits award letter, military service record – DD214 (only if it reflects SSN), IRS Form W-2 (must be dated within 5 years), IRS Form 1099 (must be dated within 5 years), IRS Form 5498 (must be dated within 5 years), IRS Form 1098 (must be dated within 5 years)
Documentation is required to verify full name and current residential address	State-issued driver’s license (current, unexpired), U.S. military driver’s license (current, unexpired), U.S. dept. of state driver’s license (current, unexpired), paystub dated within past 30 days only if it reflects full SSN or TIN, lease agreement (negotiated within the past 12 months; or month to month negotiated within the past 6 months), vehicle registration card (current, unexpired), utility bill (for address within past 30 days), bank/ credit card/investment statement (with name and address received with past 30 days), mortgage statement (for address within past 30 days), insurance statement (with name and address received within past 30 days)
Documentation is required to verify full name with Social Security number	Social Security card – issued by Social Security Administration (DHS “Work Only” authorization accepted); the Fraud and Operations Compliance Department may require another form of documentary evidence to support this document, such as paystub dated within past 30 days only if it reflects full SSN or TIN, Social Security Benefits Award letter, Military Service Record – DD214 (only if it reflects SSN), IRS Form W-2 (must be dated within 5 years), IRS Form 1099 (must be dated within 5 years), IRS Form 5498 (must be dated within 5 years), IRS Form 1098 (must be dated within 5 years)

This is a secure and easy process. Simply sign in to <UNIQUEURL>. Once you have validated your identity, you will be able to upload and submit the required documentation.

Pending receipt and approval of this required information, we will be authorized to open your HSA and will promptly send additional important account information.

Thank you for your prompt attention to this important matter.

Sincerely,

Customer Care Center

1-833-881-8158

24 hours a day, 7 days a week

NOTE: THIS IS A SYSTEM-GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL.

Notification sent when HSA documentation submitted is insufficient

Subject Line: Submitted HSA Documentation was Insufficient

Dear <Employee First Name>,

Thank you for submitting documentation on <DATE> to open your HSA. Unfortunately, the provided documentation could not be verified, and your account cannot be opened.

Documentation received	Reason not accepted
<Documentation type – example: Social Security card>	<Documentation reject reason – example: SSN does not match>

Any contributions made by you or your employer will not be made available to you until your account is opened.

Act now. Simply sign in at <UNIQUEURL> and you will be prompted to upload the required documentation.

Thank you, <Employee First Name>, for your prompt attention to this important issue.

Sincerely,

Customer Care Center

1-833-881-8158

24 hours a day, 7 days a week

NOTE: THIS IS A SYSTEM-GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL.

Notification sent when an employee’s HSA cannot be opened

Subject Line: Your HSA could not be opened

Dear <Employee First Name>,

Thank you for allowing us to assist you in opening a health savings account (HSA) through your employer, State of Wisconsin.

Unfortunately, although we have reached out to you several times, we have not received all required documentation needed to open your new HSA. This means that your request to open an HSA has been declined.

Since your HSA has been declined, any payroll contributions you intended to make have not been deposited and the funds will be returned to your employer.

The next opportunity to enroll in an HSA will be during the next Annual Benefits Enrollment period. We hope that you reconsider opening an HSA in the future, and we look forward to assisting you at that time.

Sincerely,

Customer Care Center

1-833-881-8158 24 hours a day, 7 days a week

NOTE: THIS IS A SYSTEM-GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL.

Beneficiaries

Participants should set up a beneficiary as soon as they set up their HSA. If a participant has a spouse, they are not required to make that person their beneficiary. However, if they make that choice, they must complete Optum Financial's Health Savings Account (HSA) Designation Form. This form must be signed by the participant and their spouse and must be notarized. This form may be mailed or fax to the address/number on the form.

If a participant does not specify a beneficiary, there is no penalty or repercussions unless the participant dies. In the case of death, if an HSA participant does not have a beneficiary, the estate may make a claim on the account.

How to designate an HSA beneficiary

Beneficiary designation(s) may be completed online or by mail.

Online: Participants may complete their beneficiary designation(s) online using the secure Optum Financial portal unless spousal consent is required.* Once saved, their beneficiary designation(s) will display in the portal. Participants may enter or change their beneficiary elections online at any time.

By mail: Participants may complete their beneficiary designation(s) by mail using the Health Savings Account (HSA) Designation of Beneficiary Form. Mailed forms must be notarized or they will not be processed. Once received and processed by Optum Financial, the beneficiary designations will display in the portal.

Death distribution request

In the event of death of a participant in an HSA plan, the beneficiary or executor of the estate should complete and submit Optum Financial's HSA Death Distribution Request Form to authorize a distribution of assets from the decedent's HSA.

Optum Financial can only distribute HSA funds to individuals listed as beneficiaries.

If there are no beneficiaries listed at the time of the decedent's death, the funds will only be distributed to the executor of the estate. Federal law requires all financial institutions to obtain, verify and maintain records of the information used to identify any person to whom funds are being distributed prior to completing the distribution.

Due to the important tax consequences of a death distribution, Optum Financial recommends that all beneficiaries/claimants consult a tax advisor before requesting the distribution.

*If spousal consent is required, participants must complete the Health Savings Account (HSA) Designation Form. The form must be signed by your spouse, notarized and mailed.

Documentation

The form is available on the Optum Financial ETF employer's microsite, myoptumfinancial.com/etf. The following documentation must also be submitted with the form to process the distribution request:

- Original, certified death certificate
- Copy of the beneficiary's/claimant's unexpired driver's license or state-issued ID
- Copy of the letter of administration/testamentary, if the estate is the claimant
- Small estate affidavit, if applicable
- Transfer form from your HSA custodian, if applicable

How to submit

The completed form, along with the original certified death certificate, and other required documents listed above (as applicable), should be mailed to:

Optum Financial
PO BOX 85960
6300 Wayne Road
Westland, MI 48185

Online plan management

Managing the Optum Financial HSA is quick and easy through the secure, online participant portal and free Optum Financial mobile app.

Online tools and support

In addition to making online contributions and distributions, participants can sign in to their Optum Financial account any time to:

- Monitor account balances and transactions
- Change payment methods and bank accounts
- View statements and notifications
- Access important plan documents and forms
- Update profile, dependents and beneficiaries
- Change username or password

For additional information, educational resources and tools, plan calculators and more, participants can sign in to their account at myoptumfinancial.com/etf or through the mobile app, Optum Financial.

Participants can follow these simple steps to register online or through the Optum Financial mobile app.

Get started. New participants can register their account either online or through the mobile app by selecting Sign Up from the home page and following the on-screen instructions to create a username and password. To complete the registration, participants will be required to enter their payment card number, so they should have their new card handy when creating their account.

Verify your identity. Participants will need to verify their identity during the registration process by entering a 6-digit authentication code that will be sent either by email or by text message (per the participant's preference). Once the code is received, the participant enters it into their device. The code expires 20 minutes after being sent and participants have 3 attempts to successfully enter the code. After 3 attempts, they will be required to repeat the process. Participants will have to verify their identity each time they sign in to a new device and devices will be registered for 6 months. Every 6 months, participants will be required to repeat this identity verification process on each device.

Optum Financial mobile app

The Optum Financial mobile app lets participants securely access their account information 24/7/365 and can help them drastically reduce the time it takes for them to act on their HSA and any other Optum Financial-administered benefits. Optum Financial provides users the ability to do the following:

- Check their balances, provider payments and claims activity
- Send payments to their providers or request reimbursements with just a few taps
- Eliminate documentation hassle. Our painless photo upload process allows clear and accurate submission of claim documentation in just seconds.
- Set up direct deposit, enter recurring claims, add family members, and more

- Access HSA mutual funds investment options
- View FAQs and eligible expenses
- If they need more help, they're able to connect to Optum Financial live expert care team with just one tap

Download

To download, participants can visit their favorite app store and search for "Optum Financial."

Year-end tax forms

Each year, Optum Financial creates the following tax forms for any HSA account-owner with distribution and/or contribution activity during the previous plan year. The forms are sent via mail, are information statements only, and are not needed to file taxes.

- **Form 1099-SA** – By January 31, participants should receive Form 1099-SA from Optum Financial, reporting total distributions from their HSA for the previous tax year. This total includes funds spent using their health care payment card and money withdrawn through online reimbursement requests. They should use Form 1099-SA to help complete IRS Form 8889. This form is also submitted by Optum Financial to the IRS. If a participant did not use any HSA funds, they will not receive Form 1099-SA. Participants can access Form 1099-SA by signing in to their online account and selecting "View HSA Tax Information" under the "I want to ..." drop-down.
- **Form 5498-SA** – By May 31, participants should receive a Form 5498-SA from Optum Financial, reporting the total contributions made to their HSA for the previous tax year. This form is usually created after the tax filing deadline (typically April 15) to include any contributions made to their HSA up to the tax filing deadline. This form is also submitted by Optum Financial to the IRS. Participants do not need Form 5498-SA to file their income tax return, but they should confirm the contribution amount and keep this form for their records. Like form 1099-SA, this form will only be provided electronically. Participants may also receive an updated Form 5498-SA if they made previous tax year contributions in the current tax year.

Participant reports

Each quarter, Optum Financial provides participants their HSA account summary report online. They will be notified the report is ready for viewing via email. The report is similar to a bank statement and will display beginning and ending balances, all contributions and all distributions made for the HSA account. The report is provided automatically; participants do not need to sign up to receive this report.

HSA investment account management

A self-directed HSA Investment Account is available to participants once their HSA balance reaches \$1,000. Investment accounts link directly to their HSA for easy movement of funds back and forth. Through the participant's HSA Investment Account, they have access to a wide range of fund choices, designed to suit their individual needs and financial goals, managed by some of the most well-respected names in financial services. Once a participant's HSA balance is enough to begin investments, they can set up an account in minutes online or through the mobile app.

Auto-investments: Participants can also set up automatic, recurring transfers from their HSA contributions into their pre-selected investment lineup.

If a participant chooses to not set up an investment account, funds will remain in an HSA cash account that earns minimal interest. The HSA cash account is eligible for FDIC insurance protection in accordance with applicable law. HSA investments are not bank-issued or guaranteed, and are subject to investment risks, including fluctuations in value and the possible loss of principal amount invested.

Participants can find additional HSA investment management information, including educational resources, tools and plan calculators by signing in to their online account or through the free Optum Financial mobile app.

Investments funds are not Federal Deposit Insurance Corp. (FDIC) insured, not bank issued or guaranteed, and are subject to risk, including fluctuations in value and the possible loss of the principal amount invested. Please consult your financial planner for more information.

HSA distributions

Reimbursement options

Participants can request a tax-free distribution any time an eligible expense has been incurred. Distributions for reasons other than qualified medical expenses (prior to age 65) are taxable and subject to a 20% penalty tax in certain circumstances.

Upon death, disability, age 65, or upon Medicare eligibility, HSA funds can be withdrawn for non-medical reasons without penalty but will be subject to income taxes.

Two ways to access HSA funds

Conveniently pay for eligible HSA expenses using one of the following methods:

Option 1: Payment card

As a feature of the HSA, participants are issued a payment card to purchase eligible health care expenses with a simple swipe at the service provider's office or merchant location. When using the payment card, the amount of the expense is automatically deducted from the available HSA balance and paid directly to the authorized provider or merchant at the point of purchase. Although the payment card auto-substantiates most transactions, it is the participant's responsibility to make sure purchases are for qualified health care expenses. We recommended saving receipts and retaining them with individual tax return documentation in case they should ever need to prove expense eligibility.

If a payment card is lost or stolen, report the lost/stolen card to Optum Financial immediately. Participants may request an Optum replacement card online at no cost or by calling the Customer Care team.

Option 2: Payment request

Participants can easily issue an HSA distribution in the form of a personal reimbursement or to pay a provider directly at any time by signing in to their online or mobile account. Although documentation will not be required for HSA payment requests, it is always a good idea to retain documentation in the event of an IRS audit.

Distribution requirements

Participants may only request a distribution up to the current balance of their Optum Financial HSA account. If funds in the account are insufficient, only the available balance in that account will be issued. The outstanding balance of the distribution request will not be reimbursed.

An additional distribution request must be submitted once additional funds are available in the account to pay for any remaining balance.

Insufficient funds

Only the available balance in an account will be issued.

How to submit a distribution request

If a participant used personal funds – a personal credit card, cash, or check – to pay for an eligible expense, they can submit a distribution request to be reimbursed. Participants may also request payments be sent directly to a provider.

Step 1: Sign in to their account online or using the mobile app.

Step 2: Select Reimburse Myself to send payment to the participant or Pay Provider to send a payment directly to a provider and follow the on-screen prompts to fill in the requested information.

Step 3: Be sure the documentation contains these 5 pieces of information:

1. Patient name
2. Date of service
3. Provider name
4. Description of service
5. Amount charged

Step 4: Follow the on-screen prompts to complete and submit the claim. Optum Financial will process the claim and send the distribution via check or direct deposit.

Expenses eligible for HSA distributions

There are hundreds of eligible expenses for income tax-free purchase, including prescriptions, some over-the-counter items, doctor office copays, health insurance deductibles and coinsurance. HSA funds may even be used for eligible expenses for a participant's spouse or federal tax dependents.

Eligible expenses are defined by the IRS and are considered eligible if the health care expense includes amounts paid for the diagnosis, cure, mitigation, treatment or prevention of disease, and for treatments affecting any part or function of the body.

The expenses must be primarily intended to alleviate or prevent a physical or mental defect, or illness. In general, expenses solely for cosmetic care are not deemed as qualified medical care, nor are expenses that are merely beneficial to one's general health.

Appropriate HSA expenditures include Medicare insurance premiums (except Medicare Supplement policies), long-term care coverage, health coverage while receiving unemployment benefits, and health care continuation coverage required by federal law (known as COBRA coverage). HSAs may reimburse long-term care insurance premiums limited to the adjustment amounts under Section 213(d)(10), even when the HSA is offered through a Cafeteria Plan.

The IRS requires that all HSA purchases be verified as eligible expenses. Sometimes, purchases are automatically verified when a participant uses their card. Other times, Optum Financial will request itemized receipts. **Participants should always save their itemized receipts.**

Termination

Upon termination of employment, HSA contributions from both payroll deductions and employer contribution will cease. However, participants will continue to have access to their HSA after termination as the benefit is portable. If they elect to continue a qualified HDHP medical plan, they will be able to continue to contribute to their HSA via their Optum Financial online account. In the event of termination, a participant will be assessed a service fee beginning the first of the month following termination. This fee will automatically be deducted from their HSA account balance until the account is closed due to zero balance.

The process works as follows:

1. Termination process initiated at the end of each month.
2. Optum Financial sends participant a letter explaining their account ownership and fees.
3. A service fee begins the first day of the month after termination.

Retirement

Upon retirement, the HSA contributions from both payroll deductions and employer contribution will cease. However, a participant will continue to have access to their HSA after retirement, as the benefit is portable. If they elect to continue a qualified HDHP medical plan, they will be able to continue to contribute to their HSA via their Optum Financial online account.

Retirees enrolled in the HDHP/HSA benefit option are not required to pay the monthly administrative fee. Once the retiree is no longer covered under the State HDHP, they will pay a monthly administrative fee. The monthly administrative fee will be withdrawn from the HSA.

HSA contributions

Change of payroll contribution elections

A participant may change their pre-tax payroll contribution amount during the plan year. They simply notify the employer of the change to make and the employer will adjust the HSA contribution amount. Participants cannot change this amount on their own. To request this change, the participant needs to complete the following steps:

1. Obtain an election change request form from myoptumfinancial.com/etf.
2. Complete, sign, and date the form and submit it to the payroll/benefits office for processing.

The payroll/benefits office will review the information and provide Optum Financial with the updated contribution amount via an EDI file. Optum Financial will then make the appropriate change.

In addition, each It's Your Choice Open Enrollment period provides participants the opportunity to change contribution amounts when re-enrolling for the next year.

Exceeding contribution limits

It is the participant's responsibility to monitor contributions and proximity to contribution limits. All HSA contributions made through payroll deduction are reported on the participant's W-2 form. Contributions made through other methods should be reported by the participant on Form 8889 and filed with Form 1040 or 1040NR. Contributions in excess of limits are not tax-deductible.

Excess contributions are generally subject to a 6% excise tax. This amount is set by tax law and does not change without tax-law revision. The tax would apply for each year the excess contribution is in the account. A participant may withdraw the excess amount without paying the excise tax if it is withdrawn by due date (including extensions) of their tax return for the year the contributions were made. This withdrawal must be included as "other income" on their tax return in the year they withdraw the contribution. This withdrawal may be requested by completing and submitting the Optum Financial excess contribution removal form.

Contribution types

There are 2 types of contributions, payroll deductions and employer contributions. Both must be posted within 2 business days of receiving the contribution file and within the payment hours of the pay date.

It is the responsibility of the account holder to monitor activity. Optum Financial will provide participants a quarterly statement via email notification documenting all contributions and distributions for the previous quarter. Their HSA account statement is available via their Optum Financial online account for their reference at any time.

Employer contribution management

This section will cover information regarding HSA Contribution Management.

Funding contributions

ACH (Automated Clearing House) Agreements were signed and returned to Optum Financial. Each payroll center is responsible for pushing funds to Optum Financial upon receipt of a Contribution Funding Request (CFR). With this agreement, the payroll centers have agreed to the following terms:

- The client agrees to initiate payment for all HSA invoices (CFR, ADHOC) within 2 business days of receiving the funding request to the appropriate bank account.
- Client agrees to send an email to OFTreasury@optum.com and OFETFSupport@optum.com on the day of payment indicating the payment amount and all invoice numbers that are being paid.

HSA contributions will post to employees' accounts within 2 business days after both the contribution file and the payment has been received and processed. Funding to employee HSAs may be delayed if any of the following issues occur:

- Funding is not received in the time permitted
- Funding is not provided to the correct account as designated below
- Payment amount differs from the invoice amount
- The appropriate payment notification is not provided as outlined above

Contribution submission

There are 2 ways to submit contributions to Optum Financial, contribution files and manual contribution processing.

Contribution files (recommended)

Communicate all plan contributions to Optum Financial on a per pay period basis. Files should be sent, at minimum, 3 business days prior to the payroll date. Contributions will be processed within one business day of receipt.

Manual contribution processing

Payroll centers can submit a spreadsheet, provided by Optum Financial, that includes SSN, plan type and contribution amount. Spreadsheets must include EE-ID, SSN, plan type and contribution amount. Negative contributions cannot be processed for the HSA. Optum Financial will load the contributions into the system within one business day of receipt if the spreadsheet is completed accurately. If any manipulation is needed on the spreadsheet, this will cause a delay in processing times. Manipulation may include participants separated by worksheet, EE-IDs in lieu of SSNs, missing data, etc.

Contributions will process for:

- Participants who have an active account with Optum Financial
- Participants who have failed the HSA CIP process but are within their 90-day waiting period

These funds will return to the employer after the 90-day waiting period if documentation is not provided or if participants fail CIP.

Contributions will error for:

- Participants who do not have a census record within the system
- Participants who are not enrolled in the plan for which the contribution was received
- Negative contributions that are received for the HSA
- Plan year dates are incorrect
- Participants who have excessively contributed to the HSA
- Participants (active employees) who have closed their HSA

More information on the submission of contribution files is detailed in the EDI section of this administrative guide.

Non-Active in State HDHP and HSA

Upon a non-active enrollment in the State HDHP, the HSA will be considered an orphan or retail account. The member will be responsible for the HSA monthly service fee of \$1.22. This fee will automatically be pulled from the member’s HSA. The service fee begins the first day of the month after the member is no longer covered under the State HDHP.

Employers will only cover this HSA service fee for members who are actively enrolled in the State HDHP.

Contribution funding requests (CFR)

Contribution Funding Requests are invoices for the contributions that processed into the Optum Financial system. They are distributed by email and include the employee contribution, employer contribution, and the total invoice amount. These generate within one business day of contribution files being received by Optum Financial.

The CFR includes contributions that processed from the contribution file. Contributions will process for:

- Participants who have an active account with Optum Financial
- Participants who have failed the HSA CIP process but are within their 90-day waiting period. These funds will return to the payroll center if the participant fails CIP or after the 90-day waiting period if documentation is not provided

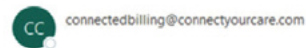
The CFR does not account for contributions that errored from the contribution files.

Contributions will error for:

- Participants who do not have a census record within the system
- Participants who are not enrolled in the plan for which the contribution was received

A sample CFR email:

[External]**HSA Contribution Report**



Invoice ID: 01234567890

State of Wisconsin

The funding requirement for your HSA is \$222.50. An ACH for \$222.50 should be initiated to push these funds.

The funding requirement consists of the following items:

UW System - Monthly (12) Employee Payroll	\$160.00
UW System - Monthly (12) Employer Payroll	\$62.50
Summary	
Total Funding Requirement:	\$222.50
ACH EFT Transaction Date:	04/17/2020

Paying the CFR

- Payments are to be remitted within 2 business days of receiving the CFR.
- Payment amounts must match the amount in the CFR.
- If the payment amount is in excess, Optum Financial does not have the ability to store the excess funds in a transparent manner for the payroll centers.
- If the payment amount is in shortfall, Optum Financial will not be able to release funds to the participants' accounts until additional funds are received.
- The payroll center needs to send an email on the same day the payment is made indicating the payment amount and all invoice numbers that are being paid with that payment.

Email should be sent to:

oftreasury@optum.com

ofetfsupport@optum.com

Employer contribution reporting

- **Contribution invoice funding details:** Listing of contributions successfully posted for the selected funding invoices. This report is used when reviewing what supports the CFR.
- **Contributions for an employee:** Listing of contributions successfully posted for the selected employee. This report is used when reviewing the contribution an employee has received.
- **Contribution invoice rejections:** Listing of contributions that did not successfully process from the contribution file. These contributions will not appear on the CFR. This report is used when reviewing what supports the CFR.

Correcting contribution errors

1. Resubmit the contributions on the next contribution file once all other errors have been addressed. This is the preferred method and should be utilized.
2. Request an SSN-based contribution spreadsheet from your client service manager by sending an email to: OFETFSupport@Optum.com.
3. Do not send negative contributions on the contribution files.

SSN-based contribution spreadsheet

The SSN-based contribution spreadsheet should be submitted when a contribution needs to be added outside of the standard contribution files. This should be the last resort, as contributions should be resubmitted on the next contribution files.

When you need your Optum Financial account team to process a contribution, you will need to request an SSN-based contribution spreadsheet from your client service manager by sending an email to OFETFSupport@Optum.com. The Optum Financial account team can process contributions only when received on an SSN-based contributions spreadsheet.

To complete the spreadsheet, follow the directions listed below:

- Column A: SSN
Enter the SSN of the participant that the contribution applies to
- Column B: Payroll Identifier
Enter the plan type that the contribution should be applied to.
Plan types are:
HSAEE2024
HSAER2024
Create one new row per contribution type
- Column C: Payroll deduction amount
Enter the contribution amount

Upon completion, the spreadsheet should look similar to the below:

	A	B	C
1	SSN	Payroll Identifier	Payroll Deduction Amount
2	required	required	required
3	(View Acceptable Payroll Identifier Codes Online)		
4	Numeric	Provided based on type of Plan	dddd.cc
5	123456789	HSAER2023	62.50
6	123456789	HSAEE2023	57.14
7	123456789	HSAEE2023	50.00
8	123456789	HSAER2023	62.50
9	123456789	HSAER2023	31.25

When completing the spreadsheet:

- Do not create new tabs for each participant. Each participant should be listed on Tab 1.
- Do not edit rows 1-4. No data should be entered in this area.
- Do not change any formatting or create extra columns.
- Spreadsheets that are not complete or accurate will be returned to the payroll center for correction.

Submitting the SSN-based contribution spreadsheet

- Completed spreadsheets can be submitted to OFETFSupport@Optum.com.
- Emails should include:
 - Date you would like the contributions posted
 - Any pertinent information that you feel is relevant
- Once the spreadsheets have been processed, your account team will notify you by email. You will receive a CFR email from Optum Financial and payment is to be remitted within 2 business days of receiving the CFR.
- HSA contributions will post to employees’ accounts within 2 business days after both the contribution file and the payment has been received and processed.

Client service manager support

What we can do:

- Provide information on available reports and reconciliation techniques
- Provide custom spreadsheets and process one-off contributions if/when needed
- Provide explanations on why contributions may have erred

What we cannot do:

- Reconcile payroll center invoices
- Determine how to fund invoices that are underfunded
- Determine how to apply excess funds
- Post manual contributions (received outside of the SSN-based contribution spreadsheet)

HSA contribution management

The below should be followed when receiving and managing Contribution Funding Requests.

Step 1: Contribution files should be sent and processed, at a minimum, 3 business days prior to your payroll date.

Step 2: Optum Financial will notify you if your contribution file generated any errors. Payroll centers can obtain file error details within the SFTP site's File Errors folder or by generating a File Errors Report on the Optum Financial Employer Dashboard.

- The contribution error should be corrected on the next contribution file once the errors have been addressed.
- If you are unable to process these through your files, you may request an SSN-based contribution spreadsheet from Optum Financial at OFETFSupport@Optum.com.

Step 3: Once the file has processed, a Contribution Funding Request (CFR) generates and is emailed (within 24 hours following receipt and processing of the contribution file).

Step 4: Payment amounts must match the amount on the CFR and should be remitted within one business day of receiving the funding request.

- If the payment amount is in excess, Optum Financial does not have the ability to store the excess funds in a transparent manner for the payroll centers.
- If the payment amount is in shortfall, Optum Financial will not be able to release funds to the participants' accounts until additional funds are received.

Step 5: On the day the payment is made, send an email to OFTreasury@optum.com and OFETFSupport@Optum.com that provides the payment amount and all invoice numbers that are being paid with that payment. If you do not send an email and include OFTreasury@optum.com, your payments will not be applied and contributions will not be posted to participant accounts.

Step 6: When funds are received, the Optum Financial Finance Team reconciles the funds. If the amount invoiced matches the amount received, Optum Financial will release the funds into the employee's accounts.

Step 7: HSA contributions post to employees' accounts within 2 business days after both the contribution file and the payment have been received and processed.

Employers with Optum Financial employer dashboard credentials have access to the following reports:

- File errors report
- Contribution invoice funding details
- Contributions for an employee
- Contribution invoice rejections

Electronic data interchange files (EDI)

Use Optum Financial EDI files to submit employee demographic, eligibility and contribution data. The method is fast, easy and secure.

This section details the following:

- How to submit files: Optum Financial FTP server information
- File types and specifications: EDI file types
- EDI file and discrepancy process
- EDI file tips

How to submit files: Optum Financial FTP server information

Optum Financial provides an FTP server, a username and a password granting secure access to the Optum Financial FTP server to each payroll center.

If you have any problems connecting to the Optum Financial FTP server or forgot your username/password, please email OFETFSupport@Optum.com.

Once connected to the Optum Financial FTP server, you will be in your root directory. Use this directory to upload all your production files.

All test files should contain the word TEST in the file name.

In the event your files contain errors, an error report will be posted to your FTP server.

File types and specifications: EDI file types

Each payroll center should refer to the file specifications created specifically for them by Optum Financial. Optum Financial accepts 3 types of files for processing. These files can be combined with the ERA files and do not need to be sent separately. For ERA specific file information, please refer to the ERA Administrative Guide.

CE – census file

This file provides Optum Financial with HSA participant demographic data, including name changes, address changes and terminations. Census data captures the following required, employee-level information: SSN, employment status, employment status effective date, name, date of birth, mailing address, primary email address and coverage type (single or family). The payroll centers should indicate coverage level (S for Single or F for Family) for HSA participants in the DIVISION 4 field of the census file.

Census files are provided on a set, weekly frequency. Processing is typically completed within 24–72 business hours after receipt at Optum Financial.

EN – eligibility file

This file provides Optum Financial with HSA participant enrollment data, including new hire enrollments, mid-year election changes and terminations. Enrollment data captures the following required, employee-level information: SSN, transaction type (new/change, cancel), transaction effective date, enrollment submitter ID, employer ID, employer offering ID and total policy amount. Payroll centers should include for HSA participants a Total Policy Amount for both the HSA employee and employer offering IDs.

It's important to note that the employer offering ID will be noted within the file as one of the following (with the number representing the plan year for which the benefit is effective) and that not all offerings are provided by all payroll centers:

HSAEE2024

HSAER2024

Also important to note within the enrollment file is the total policy amount. Amounts should be provided as ddddddddcc, so 150000 on the file will load as \$1,500.00.

Enrollment files are provided on a set, weekly frequency. Processing is typically completed within 24-72 business hours after receipt at Optum Financial.

CN – contribution file

This file specifies HSA payroll deduction amounts/contribution amounts for a specific payroll/contribution date. Contribution data captures the following required, employee-level information: SSN, pay date, billing group identifier, enrollment submitter ID, employer ID, employer offering ID and contribution amount. Just as with the enrollment file, it's important to note that the employer offering ID will be noted within the file as one of the following (with the number representing the plan year for which the benefit is effective) and that not all offerings are provided by all payroll centers:

HSAEE2024

HSAER2024

Also, important to note within the contribution file is the contribution amount. Amounts should be provided as ddddddddcc, so 4167 on the file will load as \$41.67.

YOU CANNOT SEND NEGATIVE CONTRIBUTIONS FOR THE HSA.

Optum Financial requires that contribution files are provided 3 days prior to the actual payroll/contribution date, as processing the contribution file typically requires 24-72 business hours.

EDI file and discrepancy process

After each census, enrollment and contribution file is received and processed, the payroll center can review whether any discrepancies or errors occurred and if so, see what those errors are.

Those payroll center contacts who have been granted access to the Employer Dashboard are able to access the "File Error Reports" within the Reports section. This report includes all error reports for all payroll centers, regardless of whether the errors were corrected in future files. Once generated, the report should be filtered so that the file in question can be searched within the File Name column.

Within each payroll center's FTP site is a folder that provides all error reports specific to their files. Although most human resource specialists do not have access to the FTP site, their EDI or IT teams who utilize the site can provide these error reports to human resources. Please contact your EDI or IT team to coordinate this effort.

The payroll center should correct any errors within future files provided to Optum Financial through their FTP site.

Contribution file errors can be accessed through the Employer Dashboard by accessing the Contribution Rejections report. More information on contribution management can be found in the employer contribution management section.

EDI file tips

For test files, make sure to use TEST in the file name and upload to the test folder. Failure to follow these steps may result in test information being loaded in error into your production account.

Always send files in the following order – census, enrollment, contribution – to prevent file errors from occurring. Failure to submit in this order may result in file discrepancies (such as non-enrolled participants contributing in error via payroll deduction).

For file naming, please name files in the following format.

ce_[payroll center identifier]_yyyymmdd.txt
en_[payroll center identifier]_yyyymmdd.txt
cn_[payroll center identifier]_yyyymmdd.txt

Common errors and how to correct them

This section outlines common errors or situations and how to resolve them. It is important to correct errors prior to April 15 of each year to ensure proper tax reporting for the previous tax year.

Please note that HSA participants are responsible for all distributions, for compliance with expense eligibility as outlined by the IRS and for ensuring they do not exceed IRS maximum HSA contribution limits. As the employer, the State of Wisconsin is responsible for furnishing funds for payroll contributions and employer contributions by April 15 for the previous tax year.

1. A pre-tax payroll deduction amount was incorrect. The time-frame for the corrections/adjustments will be for the tax year. If the adjustment results in a refund, the employer is responsible for providing that to the employee since it was a pre-tax payroll deduction that was the cause of the correction. The employer will note this error on the EDI file and Optum Financial will correct as needed. All corrections are transmitted to Optum Financial to ensure tax statements reflect the proper contribution amount.
2. An HSA distribution amount was incorrect. Notify Optum Financial immediately. The solution is based on how the distribution was sent. If a check was sent, it will be voided. If it was a direct deposit/EFT transaction, it can be adjusted by the participant. Participants should contact Optum Financial Customer Care for more information on how to make an adjustment to an incorrect distribution.
3. A distribution was for an ineligible expense. This distribution must be paid back by the participant.

Please note – Ineligible distributions are subject to a 20% penalty by the IRS. To rectify the error, they can direct deposit funds back into their HSA for the amount in question. The participant is responsible for notifying Optum Financial to get their contribution changed (for this correction) from Normal to Adjusted so it is not viewed as a new contribution. This correction is not applied to the IRS maximum limit for HSA.

Appendix

Glossary

Health savings account (HSA)

An HSA is a tax-advantaged medical savings account available to taxpayers in the United States who are enrolled in a high-deductible health plan (HDHP). The funds contributed to an account are not subject to federal income tax at the time of deposit. Contributions are limited to an annual limit each year; however, the total funds carry with the participant from year to year for use. Participants can draw funds for certain medical expenses from this account, such as the deductible amounts that may apply for a medical claim. The remaining monies in the savings account earn interest, can be invested, and are the participants' to keep.

Permitted coverage

Permitted coverage (whether through insurance or otherwise) is coverage for accidents, disability, dental care, vision care or long-term care. Prescription drug benefits are not listed as permitted insurance or as permitted coverage under section 223(c)(1)(B).

Permitted insurance

Permitted insurance is coverage under which substantially all of the coverage provided relates to liabilities incurred under workers' compensation laws, tort liabilities, liabilities relating to ownership or use of property, insurance for a specified disease or illness, and insurance that pays a fixed amount per day (or other period) of hospitalization.

Post-deductible

Out-of-pocket expenses that are incurred after the statutory deductible amount for the individual's health plan have been met.

Veterans health administration (VA) benefits

Veterans are generally eligible for medical benefits through the veterans health administration (VA). Because the VA is not a high-deductible health plan (HDHP), VA coverage raises HSA eligibility issues for veterans who are also covered under an HDHP. Veterans may be eligible for benefits but may not receive them in the 3-month period prior to HSA eligibility with one exclusion. Veterans enrolled in an HDHP (with no other disqualifying coverage) and who have a service-connected disability may make or receive HSA contributions regardless of when they received VA benefits. In other words, veterans with a service connected disability will not be blocked from HSA eligibility merely because they accessed VA benefits in the prior 3 months.

Forms, resources and additional information

Optum Financial is pleased to provide ETF a comprehensive selection of account and administrative management resources, including important documents and forms, online.

Quickly and conveniently access the most up-to-date information for all your HSA administration needs in one user-friendly location.

[Take me to the site](#)

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Health savings accounts (HSAs) are offered through ConnectYourCare, LLC, a subsidiary of Optum Financial. HSAs are subject to eligibility requirements and restrictions on deposits and withdrawals to avoid IRS penalties. State taxes may apply. Fees may reduce earnings on account. This communication is not intended as legal or tax advice. Federal and state laws and regulations are subject to change.

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