

Unsubstantiated Claims Recovery Process

Internal Revenue Service (IRS) rules govern substantiation requirements

The IRS has established specific guidelines that require all flexible spending account (FSA) transactions – even those made using a payment card – to be substantiated (verified that the purchase was an eligible medical expense). The substantiation process is performed by Optum Financial. To learn more about what's needed for claim approval, please review the Substantiation Requirements that can be found at myoptumfinancial.com/etf. You must resolve any unsubstantiated FSA claims by the end of the plan year December 31.

The Wisconsin Department of Employee Trust Funds (ETF) allows an additional 90-days for participating members to resolve any outstanding prior year claims. This additional 90-day allotment to resolve unsubstantiated claims is called the run-out period. All adequate documentation must be received by March 31, the last day of the run-out period.

Claims that are not auto-substantiated automatically enter a progressive five-step (5) recovery process in place with ETF plan design.

1 Substantiation notifications

Upon using the payment card (including manual submission of claims), if substantiation is needed to verify it was an eligible medical expense you will be notified by email or a reminder letter. (Use the Optum Financial Qualified Medical Expense Tool to learn about qualified medical expenses.) You may also see if a claim requires receipts by logging into your online account. Claims needing receipts are displayed through messages in your online account.



The purpose of this guide is to provide you with an understanding of Wisconsin Department of Employee Trust Funds' five-step unsubstantiated claims recovery process.

Optum Financial will send up to three substantiation notifications to you via mail or email:

- 10 days after the payment card transaction, notifying you that substantiation is required (sent via email if an email address is on file, otherwise will be sent via paper letter),
- 30 days after the first notification has been sent, reminding you that substantiation is required (sent via mail letter), and
- 30 days after the second notification has been sent, as a final reminder that documentation is still lacking (sent via mail letter).

After 15 days from the third notification has been sent and there is no proper documentation receipt provided, the payment card will be inactive until the outstanding claim has been resolved.

You must submit the required substantiation documentation within 85 days of a transaction, or the unsubstantiated claim will proceed to Step Two of the recovery process.

- **Note:** If you are not able to substantiate a claim with adequate documentation, you may also substitute with another eligible expense or repay the amount of the unsubstantiated transaction.

Any transaction attempted with an inactive payment card will be declined. Inactive payment cards will be reactivated within 48 hours of receipt of proper substantiation documentation, claim substitution, or repayment.

2 Claim denial and Optum Financial payment card deactivation

A participant must substantiate, substitute, or repay a denied claim before the end of the plan year (December 31), or the unsubstantiated claim will proceed to Step Three and Step Four of the recovery process as a plan correction.

If you have an unsubstantiated claim that was incurred between January 1 and December 31, you will receive notifications (via email and mail) from Optum Financial informing you that per Wis. Stat. 40.08 (4), ETF is required to recover monies owed in relation to an employee's indebtedness. Claims that are not substantiated convert to an unsubstantiated claim - business debt and automatically enter into a progressive payment recovery process.

During this time your employer may also reach out to you, requesting that you provide substantiation or claim repayment to prevent payroll withholding from occurring in the beginning of the new plan year which begins January 1.

Please note: Step 3 and Step 4 are concurrent.

3 Plan correction payroll withholding

If you have an unsubstantiated claim that was incurred between January 1 and December 31, and you do not repay the claim or provide the necessary documentation by the end of the plan year, ETF will attempt to recover the claim amount via payroll withholding during the run-out period, pursuant to Wis. Stat. § 40.08 (4).

Payroll withholding amount(s) will be determined based on the chart below. If you experience a financial hardship for the payroll withholding, you may contact your Benefit Specialist for a reduction of payment.

Unsubstantiated claim amount

Plan correction withholding determination

Unsubstantiated claim amount	Plan correction withholding determination	
Less than \$100.00	Deduction type:	One-time payroll deduction
	Recovery action:	The entire claim amount is to be deducted during the first applicable pay period of the run-out period If the claim is not repaid as a plan correction (Step 3) or offset during the run-out period (Step Four), the claim will be converted into a business debt owed to ETF (see Step Five)
\$100.00 - \$250.00	Deduction type:	Equal payroll deduction (bi-weekly/monthly)
	Recovery action:	The entire claim amount is to be divided into even deduction amounts per pay period until the end of the run-out period If the claim is not repaid as a plan correction (Step 3) or offset during the run-out period (Step Four), the claim will be converted into a business debt owed to ETF (see Step Five)
\$250.01 - Up	Deduction type:	Equal payroll deduction (bi-weekly/monthly)
	Recovery action:	Payroll centers are to contact participants with claims over \$250.01. The total amount is to be divided into even deduction amounts per pay period until the end of the run-out period. The member can request a repayment option with their employer if the withholding amount creates a financial hardship. If the claim remainder is not otherwise repaid as a plan correction (Step 3) or offset during the run-out period (Step Four), the claim will be converted into a business debt owed to ETF (see Step Five)

Your employer will begin payroll withholding in February. Your employer will attempt to withhold the total unsubstantiated claim amount throughout the run-out period and will not stop payroll withholding even if you have substantiated your claim(s) during the run-out period.

If your unsubstantiated claim(s) is in the recovery process through payroll withholding with your employer, you can still provide substantiation through your portal account, mobile app, or submit a claim form during the run-out period. If you provide Optum Financial with sufficient documentation and/or repayment as payroll is being withheld, Optum Financial will refund you the overpayment payroll withholding in late April, after all prior year claims have been processed. Your employer is unable to discontinue payroll withholding during plan correction time.

4 Offset approach

Your employer will send you a final notice with any unsubstantiated claim(s), notifying you of any impending payroll withholding(s) for the amount of the outstanding claim(s). The final notice also contains information regarding claim substantiation, repayment (Step Three), and offset opportunities (Step Four).

In order to resolve an unsubstantiated claim during the run-out period, a participant may:

- Substantiate an unsubstantiated transaction(s) with documentation.
- To substantiate a claim, complete the FSA Claims Form. This form can be found at myoptumfinancial.com/etf.
 - Send the completed form and receipt(s) that shows the provider name and contact information, date of service/purchase, transaction date, description of the service/purchase, and the total amount of the service/purchase for the unsubstantiated claim to Optum Financial.
 - An itemized statement, detailed receipt, or an Explanation of Benefits (EOB) will provide the necessary information.
 - **Note:** For a credit card receipt to be sufficient, it must include all of the information outlined above.
- Substitute an unsubstantiated transaction with another eligible expense. You are only able to do this if you have an available balance and the payment card claim is in a “Repayment Required” status.
 - Enter a new FSA claim request to offset the amount owed. Enter a new claim request with supporting documentation online and once approved Optum Financial will apply that reimbursement amount toward the amount owed instead of issuing you a reimbursement.
- Repay the amount of the unsubstantiated transaction to Optum Financial.
 - To repay a claim, you can submit the payment through the portal account or mobile app (recommended).
 - For repayment by mail please make your personal check, money order, or certified check for the appropriate amount payable to:
Repayment Department
P.O. Box 872168
Kansas City, MO 64187-2168

The claim number must be included on the memo line of your check.

5 Division of Trust Finance (DTF) recovery as other business indebtedness

If you did not resolve your unsubstantiated claim by March 31, the last day of the run-out period, your claim is subject to a business debt with ETF's Collection Unit. You will receive an invoice from ETF's Collection Unit to pay the debt collections payment. Monthly statements reflecting any credits applied and the remaining amount due will be sent until the unsubstantiated claim - business debt is repaid in full.

Any unpaid balance after 180 days from the date of the invoice will begin to accrue interest at the rate of 6.8% per year. Please note, this is the current assumed interest rate and is subject to change.

If you do not submit or are untimely with payment, ETF will pursue other recovery options, such as, withholding from a future pay period, collection through the Department of Revenue (DOR), or repayments from your Wisconsin Retirement System (WRS) pension plan. If ETF does not receive payment or payment arrangements are not made within 180 days from the date on the invoice, pursuant to Sec. 71.93 (8), Wis. Stats, ETF may recover the outstanding unsubstantiated claim(s) amount through collection by the DOR.

Business Debt Appeals process

If you have submitted your substantiated claim(s) timely within the run-out period (January 1 through March 31) and received the ETF invoice in error, you may submit a written Unsubstantiated Claim - Business Debt Appeal to Optum Financial at ofetfappeals@optum.com within 60 days from the date on the ETF invoice to have this matter reviewed. Please be advised that if you did not substantiate your claims during the run-out period, you are not eligible to appeal your business debt.

To file an Unsubstantiated Claim - Business Debt Appeal, you should complete the **Unsubstantiated Claim - Business Debt Appeal Form** and follow all directions/instructions on the form. This form can be found at myoptumfinancial.com/etf.

All completed required documents should be emailed to CYC Appeals at ofetfappeals@optum.com with SOW Unsubstantiated Claim - Business Debt Appeal - [Your Name] in the subject line of the email.

Optum Financial will review your Unsubstantiated Claim - Business Debt Appeal and provide a written determination within 60 days.

FSA claim unsubstantiated timeline

Transition timeline

Claims incurred between January 1 and December 31 follow the process below if proper documentation is not received by Optum Financial.

- Day 1**
Purchase is made using the benefit card
- Day 10**
Optum Financial sends request for receipts via email
- Day 40**
Optum Financial sends second request for receipts via mail and email
- Day 70**
Optum Financial sends third request for receipts via mail and email
- Day 85**
Benefit card is suspended
- Nov. 1 thru Nov. 21**
Optum Financial sends Unsubstantiated Claim Notification via email
- Nov. 22 thru Nov. 30**
Optum Financial sends second Unsubstantiated Claim Notification via mail and email
- Dec. 1 thru Dec. 15**
Optum Financial sends third Unsubstantiated Claim Notification via mail and email
- Dec. 16 thru Dec. 22**
Optum Financial sends fourth Unsubstantiated Claim Notification via email
- Dec. 31**
The last day to submit sufficient receipts before payroll withholding begins
- Jan. 1**
Runout period begins
- February**
Employers begin payroll withholding
- March 31**
Runout period ends. All prior year claim substantiation must be submitted to Optum Financial by this date
- May**
ETF's Collection Unit begins issuing invoices for prior year unsubstantiated claims for which the participant did not have payroll withheld by their employer. Participants who believe they have received an invoice in error may submit the Unsubstantiated Claim - Business Debt Appeal Form to Optum Financial



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ConnectYourCare, LLC, a subsidiary of Optum Financial, provides administrative services, including claims payment services and educational resources for your Retirement Healthcare Program. Please contact a legal or tax professional for advice on eligibility, tax treatment, and restrictions. Please contact your plan administrator with questions about enrollment or plan restrictions. Federal and state laws and regulations and the design of your plan are subject to change.

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