



STATE OF WISCONSIN
Department of Employee Trust Funds
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CORRESPONDENCE MEMORANDUM

DATE: February 15, 2007
TO: Employee Trust Funds Board
FROM: Marcia Blumer, Program Manager
Employee Reimbursement Accounts Program
SUBJECT: ERA Program Information

This memo is for the Board's information only. No action is required.

ERA Enrollment Activity

Participation in the ERA program has remained steady in the last few years. The open enrollment period for the 2007 plan year yielded 2,205 dependent care account participants and 11,057 medical expense account participants, a slight increase of about 75 accounts over the 2006 plan year enrollment period results. The projected annual contribution amounts increased for both accounts. The projected contributions of \$8,784,199 for Dependent Care Accounts is a 7.2% increase over 2006. Medical Expense Account contributions are projected to be \$14,052,263, which is an increase of 8.4% over 2006 contributions.

2005 Plan Year Forfeitures

The implementation of a 2 ½ month grace period at the end of the 2005 plan year for medical expense accounts did not have a significant effect on the forfeiture level. The medical expense account forfeitures for the 2005 plan year were \$173,520 or about 1.3% of contributions. This is a slight decrease from 2004 when forfeitures amounted to 1.7% of contributions and is the same as the forfeiture level in 2003. Dependent care expense account forfeitures totaled \$51,286 or about 0.6% of contributions. This compares with 0.5% experienced in 2004. Forfeiture amounts for the 2006 plan year will not be finalized until June 30, 2007.

FBMC Service Issues

In recent months, FBMC has experienced an unexpected and continuing increase in claims activity, resulting in their failure to meet the 5-day claims processing turnaround time. To address the problems, FBMC has implemented several initiatives to alleviate the backlog. The attached letter from Barbara Gonzales, FBMC Chief Operating Officer, provides information about the ongoing challenges and the steps that FBMC is taking to address them.

Employee Trust Funds staff will be prepared to answer any questions that you may have regarding the audit at the Board meeting.

Reviewed and approved by David A. Stella, Deputy Secretary.

Signature Date

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ETF	3/16/2007	9

