

The ACH Origination, Prefunding, and Replenishment Process

The Employer ACH Origination, Prefunding, and Replenishment Agreement

- Banking account details are collected and authorized during implementation via the *Employer ACH Origination, Prefunding, and Replenishment Agreement*.
 - ◊ To allow enough time for setup, it is recommended the form be submitted 3 to 4 weeks before the plan year start date (earlier is better, especially for 1/1 plan year starts).
- The bank account is used for establishing and maintaining a prefund of the total annual election for the following notional account types: *HRA*s, *FSA*s, *Limited-purpose FSA*s, *DCA*s, *Parking*, *Transit*, and other agreed-upon accounts.

Enrollment and Initial Prefund

The initial prefund is determined based upon enrollment. You receive an email notifying you of the amount to be pulled from your account. The ACH request is typically processed within 3 to 5 business days after Independence is notified that medical enrollment is complete.

Ongoing Processing

- Once the initial prefund ACH is processed and the plan year starts, member accounts are ready for processing.
- Daily, reimbursements and card transactions settle against the prefunding amount, spending down the account.
- On a weekly basis, Independence calculates the amount needed to replenish the prefunding account and initiates both an ACH pull and email early Monday morning. Bank processing times for ACHs are typically on the next business day, however, your bank processing times may vary.

Exception Processing

- If the prefunding balance drops below 10% of the total prefund, it triggers the low funds process. If this occurs, there is an email notification of a request for an off-cycle ACH to bring the balance back up and avoid the account dropping below \$0 before the next scheduled weekly ACH.
- At any point throughout the year, if there is a large fluctuation in enrollments or elections (+/- 10%), the prefunding baseline may be recalculated to align with the new total annual elections.

End of Plan Year

- At the end of the plan year when enrollments are processed for the new plan year, the prefunding baseline may be recalculated for the new plan year if total annual elections vary greatly from the previous year (+/- 10%) so that you are not prefunding too much or too little and a scheduled weekly replenishment can be maintained
- If you terminate services, the prefund balance will be returned within 120 days after the claim runout period. This allows time for checks to be cashed and for final review/adjustments.

Employer Deactivation

Employers are required to have sufficient funds in the bank account designated to cover the activity on the account. If sufficient funds are not available, at our sole discretion, all activity may be frozen. If reserve funds have not been received prior to the effective date, account holder debit cards will not work and claims will not be reimbursed.

Instructions

Please provide a signed, completed copy of the following two page document (electronic is fine) to your Independence account representative.

Employer ACH Origination, Prefunding, and Replenishment Agreement

ACH Origination Agreement

The National Automated Clearinghouse Association (NACHA) issues operating rules governing ACH transactions. Under NACHA rules Independence and our spending account partner, Alegeus, dba WealthCare Saver, are required to receive client agreement on the following.

Client:

- Authorizes Independence and its spending account vendor, Alegeus, to initiate ACH entries on behalf of the client.
- Agrees that any ACH transactions will be used for spending account-related activities including funding of a spending account prefund, replenishment of a spending account prefund, or adjustments pertaining to spending accounts.
- Agrees not to originate entries that violate the laws of the United States.
- Agrees to take appropriate measures to designate one individual within its organization to be responsible for determining and overseeing who has access to ACH-related information.
- Agrees to be bound by NACHA rules governing ACH transactions.*
- Recognizes the right of Independence, Alegeus, or BMO Harris, the issuing bank, to suspend the agreement for breach of NACHA rules.

Prefunding and Replenishment Agreement†

Client agrees to the following:

Independence and its spending account partner, Alegeus, will initiate an ACH debit for prefunding and complete ongoing ACH debits from the Designated Account as described below:

- An initial prefund equaling 5% of the total annual election is required. It will be debited prior to the plan start date from the Designated Account. If elections are not available to calculate the reserve by the 15th of the month prior to effective date, the reserve will be calculated using an estimate.
- Daily reimbursements/payments and debit card transactions (if applicable) settle against the prefund account.
- On a weekly basis, the WealthCare Administration (WCA) system calculates the amount needed to replenish the prefunding account and initiates an ACH debit from the Designated Account, generally on Mondays. Bank processing times for ACHs are typically on the next business day, early morning; however, your bank processing times may vary.
- The client is required to have sufficient funds in the Designated Account to cover the activity on the account or, at our sole discretion, all activity may be frozen. If reserve funds have not been received prior to effective date, cards will not function, and claims will not be reimbursed.
- If claim utilization during the week exceeds the reserve on hand, additional funds may be requested from the Designated Account off-cycle to cover the shortage.
- If the number of employees enrolled increases month to month, Independence reserves the right to recalculate the prefund amount and request additional funds from the Designated Account.
- If the client terminates, any amounts remaining in the prefund at the end of the run out are returned to the Designated Account within 120 days.

* The Nacha Operating Rules & Guidelines is the foundation for every ACH payment. There is a basic version of NACHA rules available at no charge.

Start by creating an account at: <https://www.nachaoperatingrulesonline.org/?qr=1>

- Select My Account – Login → Create a New Account
- Select “Check this box if you do not have a Subscription Code...” & agree to the terms of use.
- Select “Redeem”

After you have created your account and logged in, the basic rules are available by going to Resources and selecting Articles.

† The information provided on this prefunding form is for general information purposes only. The signed Spending Account Reimbursement Agreement between Independence and the Employer is the controlling source for terms and conditions.

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Employer Primary Contact Information

Employer Name		CID
Contact Name	Telephone	Email

Banking Information and Authorization Signature

This bank account is for claims and debit card swipes for the following spending accounts (Select all that apply):

- Health Reimbursement Arrangement
- Medical Flexible Spending Account
- Limited Purpose Medical Flexible Spending Account
- Dependent Care Flexible Spending Account
- Transit Account
- Parking Account
- Other: _____

Employer hereby authorizes Independence or its agents to initiate ACH transfer entries for the following depository:

Bank Account Number	Routing Number	
Bank Name	Type of Account Checking Or Savings	
Name of Authorized Signer	Title of Authorized Signer	
Signature/e-Signature		Date

Please reference the filters below to authorize bank entries.

If your bank uses ACH filtering, to ensure proper payroll funding, please also inform them of the BMO Harris Company ID Filter before submitting your first contribution request.

The BMO Harris Company ID Filter: I900808825
(Note that the first character is an alpha character, not the number 1.)
SUBMITTING BANK (ODFI): BMO HARRIS BANK
COMPANY ID NAME (ACCOUNT NAME): IND BCBS
ROUTING NUMBER: 075000051
ORIGINATION ID: 07500005
COMPANY ID: 3333313100

Additional Notes:

Validation timing
The process to validate a funding bank account takes three business days from the date this completed and signed form is received by the spending account setup team.