

The Prefunding Process

The Employer Prefunding Banking Information and Authorization Form

- Banking account details are collected during implementation and are captured and authorized via the *Employer Prefunding Banking Information and Authorization Form (Authorization Form)*.
 - 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 HRAs, FSAs, Limited FSAs, DCAs, Parking and Transit 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 live and 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 an ACH pull and email on Sunday. Bank processing times for ACHs are typically on the next business day, early morning; 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 60 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 effective date, account holder debit cards will not work and claims will not be reimbursed.

Employer Prefunding Banking Authorization Form

Instructions

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

Prefunding and Frequency of Replenishment Overview¹

We will initiate an ACH debit for prefunding and ACH debit as described below:

- Weekly, 5% prefund required.
- The employer appoints Independence or its subcontractor as agent to hold funds for the sole purpose of satisfying employer payment obligations.
- An initial prefund is required which will be debited approximately two to four weeks prior to the plan start date. If elections are not available to calculate reserve by the 15th of the month prior to effective date, reserve will be calculated using an estimate.
- The prefund is calculated by using the following formula: total annual election x prefund percentage.
- If the number of employees enrolled increases month to month, Independence reserves the right to recalculate the prefund amount and request additional funds.
- If claim utilization during the week exceeds the reserve on hand, additional funds will be requested off-cycle to cover the shortage.
- The employer is required to have sufficient funds in the bank account designated to cover the activity on the account or all activity, at our sole discretion, may be frozen. If reserve funds have not been received prior to effective date, cards will not work and claims will not be reimbursed.
- Any amounts remaining at the end of the run out are returned to the employer within 60 days.

Employer Information Contact Information

Employer Name:		Client ID:
Contact Name:	Tel:	Email:

Banking Information and Authorization Signature

This bank account is for claims and debit card swipes for the following products (Select all that apply): ☐ HRA ☐ FSA ☐ LFSA ☐ DCA

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: <input type="checkbox"/> Checking <i>Or</i> <input type="checkbox"/> Savings
Name of Authorized Signer:	Title of Authorized Signer:
Signature/e-Signature:	Date:

Please reference the filters below to authorize bank entries.

SUBMITTING BANK (ODFI): BMO HARRIS BANK
COMPANY ID NAME (ACCOUNT NAME): IND BCBS
ROUTING NUMBER: 075000051
ORIGINATION ID: 07500005
COMPANY ID: 4900808825

Additional Notes:

¹ 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.