

Easier accounting for your FSA and TFB plans



Billing for **payroll deductions** can be time consuming and confusing for employers to reconcile each month. But with **claims invoicing**, you'll know how much your employees are claiming each month on their flexible spending account (FSA) or transportation fringe benefits account (TFB); and you'll experience a quicker closing of your plan year without the hassle of reconciliation.

Claims invoicing compared with payroll invoicing

Payroll invoicing requires you to withhold and send payroll deductions to us. With **claims invoicing**, you keep the payroll deductions and only send the amount spent on claims by your employees.

Why you should choose claims invoicing

	Payroll invoicing	Claims invoicing
Manual pay available	✓	✓
Autopay available		✓
Keep your employees' payroll deductions		✓
Send only the monthly amount your employees spend on claims		✓
No need to adjust monthly invoices		✓
Know how much your employees are claiming each month		✓
Quicker plan year closing		✓
No reconciliation hassles		✓
Eliminates the wait for forfeiture payments of unspent benefit dollars		✓
Eliminates the need to invoice for terminated employees who overspend their accounts		✓
Prefund waived, if choosing Autopay		✓

Steps in the claims invoicing cycle

1



Payroll deductions

You deduct a set amount from your employees during each pay period, based on the amount they elect. Those deductions stay in your organization's bank account.

2



Employees use their accounts

Your employees spend money from their FSAs and TFBs throughout the month (claims) and are reimbursed by PacificSource Administrators, Inc. (PSA).

3



You receive an invoice from PacificSource

Each month, you receive an invoice for the amount that PSA has reimbursed your employees in the prior month.

4



You pay PacificSource

You pay PSA for the invoiced amount.

How do I choose claims invoicing?

New customers will be enrolled in claims invoicing by default. Renewing customers should notify us in writing (such as email) that they want to select claims invoicing for their account. Contact your PSA representative directly or email the PSA Sales and Service team at PSAsales@PacificSource.com.

What is included in the definition of "claims"?

Claims include payments from member Health FSA and Dependent Care Expense accounts; TFB accounts; health reimbursement arrangement (HRA) accounts; and reimbursements issued as paper checks, electronic fund transfers (EFTs), and debit card transactions. Claim activity includes credits for voided checks and debit purchase returns. Your monthly payments to us will vary, mirroring your employees' claim activity.

Can I switch between claims invoicing and payroll invoicing during the plan year?

No, you can only choose claims invoicing at the time of set up or at plan renewal. The invoice settings must be established prior to finalizing a plan year.

What is a prefund, and when is it required?

Claims invoicing doesn't fund the account with payroll deductions, so we require a prefund from which we can issue daily reimbursements to your employees, while invoicing you monthly for claim activity. The prefund is a one-time charge at the start of each plan year, equal to a percentage of the total elections. Prefunds will be carried over from year to year and may be adjusted with changes in new annual elections.

How can I waive my prefund with Autopay?

You can pay us via check or via electronic money transfer. However, with claims invoicing, we are introducing a convenient new optional Autopay feature that enables us to automatically withdraw funds monthly from your account to pay for your employees' claims.

As an added incentive, **if you choose to participate in Autopay, we'll waive the requirement to prefund your account.**

To sign up for Autopay, complete and return our Group Authorization EFT form (PDF) from PacSrc.co/psa-autopay.

Does choosing autopay affect my HRA prefund?

Yes, if you have an HRA plan, you're already experiencing claims invoicing and know how it makes for easier accounting. And, if you choose claims invoicing for your FSA or TFB plan AND choose to participate in Autopay, **we'll refund your HRA plan's prefund amount.**

With Autopay, how often does PSA pull payments, and how will I be notified?

PSA pulls payments once per month. Claim and fee reports are posted to the PSA employer portal monthly. Around the 5th of each month, we'll send an email notifying you of the pending EFT/ACH for the claim and fee charges, which are deducted on the 10th of the month. If the 10th is on a weekend or holiday, we'll use the next banking date. We always provide a minimum of 48 hours' notice in advance of any bank transaction.

What is the reporting and invoicing schedule?

Monthly Claim Summary Reports are posted to the PSA employer portal. Claim reports show the activity totals from the prior month. Invoices are mailed with the claim and fee totals.

What happens if an employee terminates and has overspent their account?

This is an inherent risk with a Health FSA account, but it shouldn't be an issue with claims invoicing. Year-end summary reporting is provided after all run-out periods have ended. It includes annual totals for claims, reimbursements, and funding to PSA. Since PSA invoices for claims during the plan year, there shouldn't be any additional funding due.

Does my organization need to create a separate bank account to hold payroll funds?

No. Employers are not required to create a separate bank account. You are required to maintain plan-specific reporting, which PSA provides for you.

Can I switch between manual payments and automated ACH during the plan year?

Yes. You will need to communicate to PSA in writing if you want to start or stop Automated Clearing House (ACH) payments. Contact your PSA Service Representative directly or our PSA Membership team at 541-225-2761 or PSAmembership@PacificSource.com to make the change. For details, see our Group Authorization EFT Form for Recurring Electronic Fund Transfers at PacSrc.co/psa-autopay.

Questions?

Contact PSA Sales and Service Team

541-225-2777, TTY: 711. We accept all relay calls.

PSAsales@PacificSource.com

PacSrc.co/admin-services