

# Easier accounting for your FSA plan



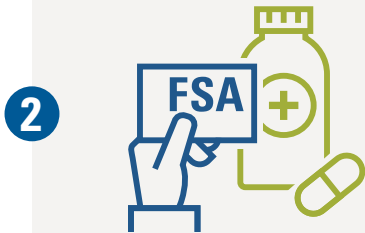
Billing for flexible spending account (FSA) plans can be time consuming and confusing for employers to reconcile each month. But with **claims invoicing**, you won't need to adjust monthly invoices; you'll have a clearer idea of how much you owe; and you'll experience a quicker closing of your plan year without the hassle of reconciliation.

## Steps in the claims invoicing cycle



### FSA payroll deduction

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



### Employees use their FSAs

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



### 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.



### You pay PacificSource

You pay PSA for the invoiced amount.

*Continued >*

## What are the advantages of claims invoicing?

Claims invoicing allows you to retain the plan funds, requiring payment to PSA only when claims have been reimbursed. It eliminates year-end forfeitures, speeds up the delivery of final reporting, and reduces the need to invoice for mid-year FSA terminations for members who have overspent their account.

## What is included in the definition of “claims”?

Claims include payments from member Health FSA and Dependent Care Expense 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.

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

No. The invoice generation system settings must be established prior to initializing a plan year, so changes must be communicated during open enrollment. If an invoicing change is desired, it can only happen at renewal.

## What is a prefund and when is it required?

A prefund is a required deposit that will be returned to you at the end of your contract with PSA. Prefunds enable PSA to issue daily reimbursements without requiring your preapproval.

A prefund is waived if an employer authorizes PSA to automate EFT transactions.

## How often are members reimbursed?

Daily.

## 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, 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.

## 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 Account Manager or our PSA Membership team at 541-255-2761 or [PSAmembership@PacificSource.com](mailto:PSAmembership@PacificSource.com) to make the change. For details, see our Group Authorization EFT Form for Recurring Electronic Fund Transfers at [PacSrc.co/documents-and-forms](http://PacSrc.co/documents-and-forms).

## If PSA automatically pulls payments from my bank account, how often does that occur, and how will I be notified?

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 deduction.

---

## Questions?

Contact PSA Sales and Service Team

541-225-2777

TTY: 711. We accept all relay calls.

[PSAsales@PacificSource.com](mailto:PSAsales@PacificSource.com)

[PacSrc.co/admin-services](http://PacSrc.co/admin-services)