



### FSA Funding Procedure

- HRCTS will calculate the funding deposit after the initial enrollments collected after Open Enrollment are submitted to HRCTS each plan year.
- Once enrollments are in the HRCTS system, an invoice will be emailed to Central Administration for the initial funding deposit. The funding deposit is equal to 2 months of the total annual Employee FSA elections. Central Administration will then invoice your parish, school, agency or department for this funding deposit.
- Keep in mind, you will be deducting elections pretax from employees payroll and will keep these deductions in your Operating Account. You do not send Central Administration payroll deductions each pay cycle as HRCTS has the Initial Funding Deposit on hand to pay out claims.
- HRCTS will then invoice Central Administration monthly for claims paid out the previous month, as we want to replenish the initial deposit back to a whole each month. You will receive a Claims History Report along with the Replenishment Invoice from Central Administration each month which details all employees who were reimbursed the previous month and the total amount reimbursed that said month.
- Keep in mind, HRCTS could pay out an employee's full FSA election day one so your parish, school or agency may not have collected enough payroll deductions to cover the Replenishment Invoice for claims paid out.
- HRCTS will administer a 90 day run-out at the end of the plan year then reconcile the FSA Plan year 6-8 weeks after this run-out is complete.
- HRCTS will email Central Administration a Year End Report that will detail all funding deposits made, total claims paid out per your parish, school, agency or department, outstanding repayments and whether your entity has a positive or negative funding balance on hand once the account has been reconciled.
- If services are terminated upon renewal, HRCTS will return excess funds to Central Administration via paper check. Central Administration would then issue excess funds back to your parish, school, agency or department accordingly.
- If services are renewed for the following plan year, HRCTS would request a new funding deposit after Enrollments are processed for the new plan year, as you would have new exposure based on the new enrollments. Central Administration will invoice your entity for your new funding deposit. This said, you would have 2 funding deposits with HRCTS during the time we are administering both plan years during the 90 day runout of the previous plan year.
- Once the previous plan year is reconciled, HRCTS would credit excess funds from the previous year's funding deposit to the new plan year's funding deposit.
- When we credit the excess funds, it is usually offsetting an invoice we are about to send to Central Administration for claims paid out in the new plan year.
- If no claims were paid out when we credit excess funds to the new plan year's deposit, we would not have to invoice Central Administration and they would not have to invoice your entity to replenish your deposit until it drops below the initial funding amount requested for the new plan year.