

Received
AUG 01 2013
WCIF

WASHINGTON COUNTIES INSURANCE FUND

TPA CASH MANAGEMENT AND DISBURSEMENT POLICY

Introduction

The Washington Counties Insurance Fund (WCIF), along with its third party administrator (TPA), Benefit Solutions, Inc. (BSI), is committed to following secure cash management and disbursement procedures. BSI is primarily responsible for the implementation of this policy. Therefore, all BSI employees are required to follow the procedures contained in this document.

DISBURSEMENTS:

Employee Access for Benefit Solutions, Inc.

1. Limited Check Access – All check stock shall be secured in a locked cabinet in the Accounting Office. Access shall be limited to the BSI/WCIF Controller and the BSI/WCIF Accountant.
2. Digital Signatures Access - The digital signature access shall be located in QuickBooks at BSI. Access to the digital signature shall be limited to the BSI/WCIF Controller, the BSI/WCIF Sr. Accountant, and the BSI/WCIF Accountant.

Monthly Cut-off and Disbursement Procedures

1. The monthly cut-off of contributions received for the month of coverage shall occur on the last business day of the month. On the first business day of the following month, a report shall be run reflecting the total contributions received for the period. The BSI/WCIF Account Lead shall confirm that the daily deposit amounts reconciles with the payments received.
2. The BSI/WCIF Account Lead shall then run the month end reports for calculation of premiums and commission payments. The commission and premium reports shall be reviewed by the BSI/WCIF Account Lead and by their Manager to confirm their accuracy. Following the review and confirmation of accuracy by the BSI/WCIF Account Lead and Manager, a disbursement report shall be sent to the WCIF Finance Director for approval.
3. Premiums and commission payments, as well as payments for refunds to employers, and miscellaneous reimbursable expenses shall be recorded on the monthly disbursement report.

Check Disbursements

1. Timing – Checks shall not be written until after the BSI/WCIF Account Lead has performed the monthly closing process, which shall be no later than the 20th calendar day of the month.
2. Disbursement Spreadsheet - The BSI/WCIF Account Lead shall create a spreadsheet each month noting payee, expense type, and check amount for each disbursement check.

Expenses paid may include administrative fees, commissions, premium payments to carriers, premium refunds, and other miscellaneous WCIF expenses.

3. Check Writing – The BSI/WCIF Accountant shall review and compare the disbursement spreadsheet to the corresponding invoices and premium reports. After the BSI/WCIF Accountant prints the checks and processes them with the digital signatures, the BSI/WCIF Accountant shall deliver the checks to the BSI/WCIF Account Lead for review. As the WCIF TPA account is subject to positive pay security protection, all check information shall be forwarded to Bank of America prior to disbursement.
4. Mailing – The BSI/WCIF Account Lead or the BSI/WCIF Administrative Assistant shall mail all checks via USPS to the appropriate payee no later than the 22nd day of each month.
5. Documentation – The BSI/WCIF Account Lead shall attach invoices and premium reports for the corresponding disbursement amounts to the Disbursement Spreadsheet and file the Disbursement Spreadsheet in the WCIF files. Copies of all invoices and premium reports shall then be sent with the appropriate check to the vendor or carrier. Upon carrier request, the BSI/WCIF Account Lead shall also send an electronic copy of the premium reports via secure email. The BSI/WCIF Accountant shall provide the WCIF Finance Director a register listing all checks issued, including payee, check amount, and expense category.
6. Bank Account Reconciliations – the bank account reconciliations shall be performed monthly by the WCIF Finance Director.

PREPARATION OF EMPLOYER BILLING STATEMENTS:

Preparation of Monthly Billing Statements

On the 18th of each month, BSI shall prepare and email, or mail via USPS, billing statements to all participating employers. The bills shall be based on census data known at the time of bill preparation and include all changes reported to BSI since the last billing statement (additions, deletions, credits, balances due, and monthly premium amount).

Daily Deposit and Posting Procedures

All processes pertaining to the handling of daily premium deposits and the posting of daily premium payments shall be reviewed for accuracy by a second BSI employee.

Deposits – Employer contribution checks received by BSI each day shall be batched, scanned, and transmitted to Bank of America via the Remote Deposit System. After completing the remote deposit, a deposit report shall be run listing the amount deposited, and providing the total dollar amount entered and the total number of checks received.

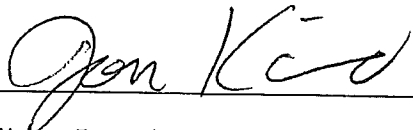
BSI shall date stamp each individual check received. A manual tape shall be run for each deposit batch to verify the total amount received and the total number of checks for each batch. The checks, deposit report, and tape verification shall then be reviewed and approved by a second BSI employee. The deposit report shall be emailed to the WCIF Finance Director. All checks shall be securely retained for a minimum of 60 days and shall be shredded prior to disposal.

Posting – The posting processor shall verify that the amount received is within the criteria for forwarding eligibility to the carrier (a minimum of 90% of amount due). If the amount received is less than 90% of the amount due, the payment shall be allocated to the appropriate month but no eligibility shall be forwarded to the carrier.

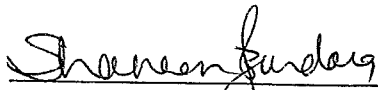
A payment distribution report shall be run indicating the amounts posted to each account. The report total shall be verified against the deposit report and forwarded to the BSI/WCIF Account Lead for monthly reconciliation.

Financial Reporting – BSI shall prepare a monthly report for the WCIF Finance Director detailing the premium amounts billed to group members. This report shall include current month transactions, YTD information, Premium Account Receivables from member groups, and Premium Accounts Payable to the carriers. BSI shall also provide additional reports and full access to WCIF financial records upon request by the WCIF Board of Trustees, the WCIF Executive Director, or the WCIF Finance Director.

By signing below, we acknowledge that we received a copy of this TPA Cash Management and Disbursement Policy and understand the procedures contained herein.



Jon Kaino, Executive Director
Washington Counties Insurance Fund



Shannon Jurdana, President & CEO
Benefit Solutions, Inc.