

# **TABLE OF CONTENTS**

- I. BANKING CONFERENCE CALL AGENDA
- II. BANKING PROCESS OVERVIEW
- III. CITIBANK / JPMORGAN CHASE BANK COMPARISONS
- IV. FUNDING & ACCOUNT MONITORING OPTIONS
- V IMPREST
- VI. 9 MONTH OUTSTANDING CHECK REPORT

**I BANKING CONFERENCE CALL AGENDA**

Account Name:

Date of Call/Meeting:

Participants Names

Titles

Phone Numbers

---

---

- Choose Vendor Bank
- Explain Bank Flow Chart
- Explain Standard Bank Arrangements; CALDOC if necessary
- Funding Frequency – Weekly, Daily
- Funding Notification – Fed Wire, ACH, , Citidirect, Fax , Email (draw down authorization at local bank if necessary)
- Same Day Funding- 0 Imprest, Must be ASO or FSA, daily funding
- Funding Type ACH, Fed Wire
- Fund on issue, 0 Imprest Daily
- Imprest Amount; Explain Imprest balance reviewed once a year or as needed
- Explain Reports: Must be maintained for Clients records
- Recipient of Reports – One person gets Reports
- Explain Refund Process
- Email Documents to: \_\_\_\_\_
- Obtain information to complete Case Information Sheet
- Banking documents can not be altered
- Person who signs the letter must be a signatory on the Account and authorized on the Corporate Resolution
- Documents must be sealed with a Corporate Seal or Seal of Notary Public
- Original Documents must be sent to the CIGNA, Senior Account Specialist's Name-routing C328, 900 Cottage Grove Road, Hartford, CT, 06152, one month prior to the effective date
- CLAIMS CAN NOT BE PAID UNTIL THE DOCUMENTATION IS RECEIVED AND THE BANK ACCOUNT IS OPENED. IMPREST AMOUNT (If Applicable) MUST BE RECEIVED BY THE VENDOR BANK AND THE ASO AGREEMENT/MP LETTER RECEIVED BY UNDERWRITER.

## **II BANKING PROCESS OVERVIEW**

As a Cash Management Program customer you have the option of establishing your banking arrangement with either Citibank or JPMorgan Chase, referred to as the Vendor Bank. You may select a bank of your choice to fund the Vendor Bank program account. The banking processes have been carefully designed and established to provide a suitable legal posture for tax avoidance as well as smooth and efficient administration.

The following narrative and flowchart (Ex.1.) illustrates the interrelationship of the banking process. The flowchart is cross-referenced with this narrative by way of numbers.

CIGNA issues claim checks for each customer (1). Checks are issued through our normal claim processing with all our standard controls in place. This check data is transmitted daily to the Vendor Bank as an issuance file.

The Vendor Bank loads the issuance data into its system and stores the information on an outstanding issuance file (2). This file contains the check numbers, dollar amounts and CIGNA plan numbers.

As checks are paid by the Vendor Bank, they clear through the Central Disbursing (Omnibus) Account (3) used for all of CIGNA's Cash Management Program Accounts. This account is an unfunded, zero-balance account, so when checks are paid it becomes momentarily overdrawn.

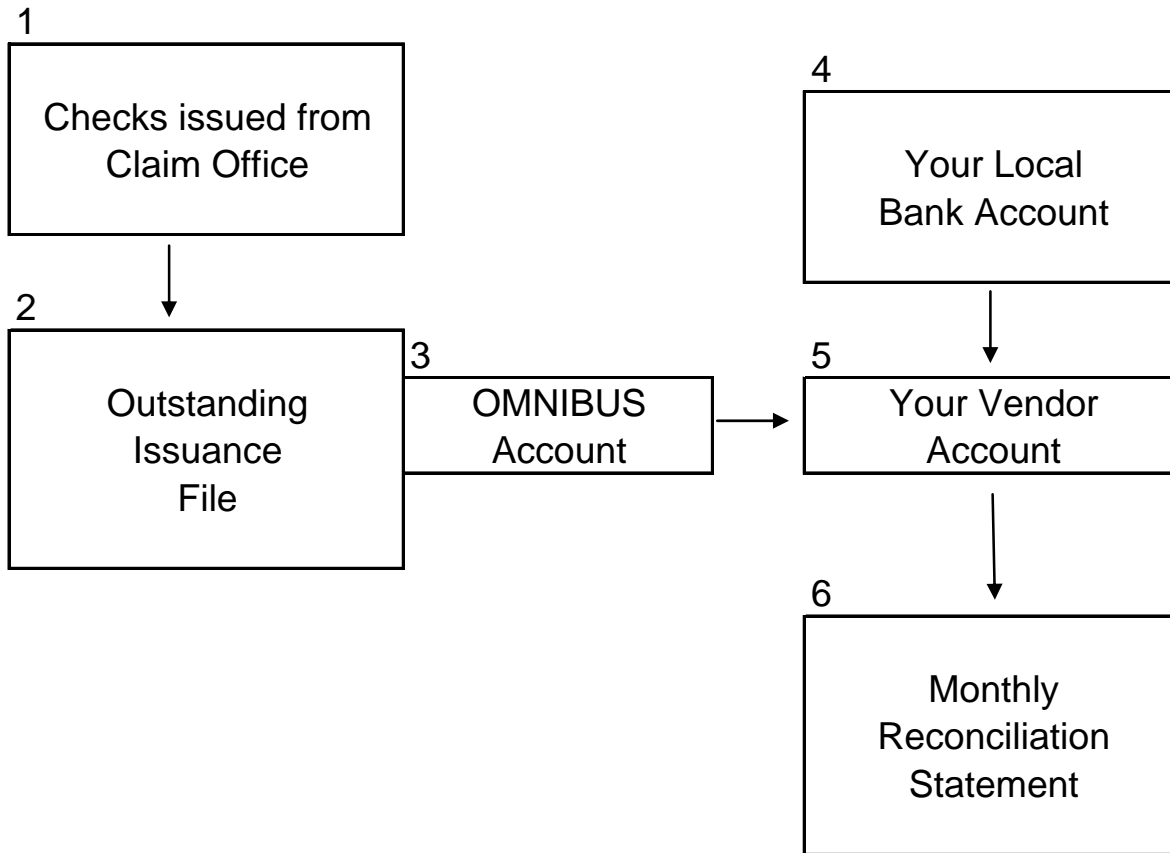
The paid checks are matched against the outstanding issue file and immediately transferred to the account (4) from which they were drawn, the Vendor Bank program account. The controls at this stage ensure that your account is not debited unless the paid check matches the outstanding check in the issuance file. Your Vendor Bank account is then debited and the Central Disbursing Account is credited, bringing the latter to its proper zero-balance.

We require an initial deposit or imprest balance to ensure adequate funds are on deposit at all times as checks clear(paid). The imprest balance is non-compensating and non-interest bearing.

You have a choice of daily or weekly funding for the Vendor Bank account. If you choose daily funding, the Vendor Bank will wire request funds from your local bank daily for the aggregate amount of checks that cleared (were presented to the Vendor Bank) the night before. If you choose weekly funding, the Vendor Bank will wire request funds from your local bank on the first business day of each week, and at any other time the account becomes overdrawn, for the aggregate amount of checks that cleared during the prior week. Your local bank must honor the request for funds via Fed Wire the same day (5) to immediately restore the account to the imprest balance.

CIGNA provides standard daily, weekly and monthly registers of checks issued or cleared and a monthly Worksheet that summarizes claim activity. The Vendor Bank supplies CIGNA with a detailed monthly Statement and Reconciliation (6). The Vendor Bank forwards these monthly reports to CIGNA where the Financial Services Unit reviews and ensures their accuracy prior to forwarding them to the customer.

# EXHIBIT.1. FLOW CHART OF VENDOR BANK PROCESS



- Paid Listing
- Outstanding
- Fund Transfers
- Adjustments

### III. MORGAN CHASE JPMORGAN CHASE

OPTION	FREQUENCY	CITIBANK FUNDING NOTIFICATION	CITIBANK & JP JPMORGAN CHASE FUNDING NOTIFICATION	IMPREST	CUSTOMER FUNDING METHOD
Fund on Cleared	Daily	<ul style="list-style-type: none"> <li>• 1031 Fed Wire request</li> <li>• Citidirect*</li> <li>• Email</li> <li>• Fax</li> </ul>	<ul style="list-style-type: none"> <li>• 1031 Fed Wire request</li> <li>• JPMorgan Chase Fax</li> <li>• Email</li> </ul>	Average Daily Claim Activity X3 for ASO or X1 for MP	<ul style="list-style-type: none"> <li>• Fed Wire</li> </ul>
Fund on Cleared	Daily	<ul style="list-style-type: none"> <li>• ACH*</li> <li>• Citidirect*</li> <li>• Email</li> <li>• Fax</li> </ul>	<ul style="list-style-type: none"> <li>• ACH*</li> <li>• JPMorgan Chase Fax</li> <li>• Email</li> </ul>	Average Daily Claim Activity X4 for ASO or X2 for MP	<ul style="list-style-type: none"> <li>• ACH*</li> </ul>
Fund on Cleared	Weekly	<ul style="list-style-type: none"> <li>• 1031 Fed Wire request</li> <li>• Citidirect*</li> <li>• Email</li> <li>• Fax</li> </ul>	<ul style="list-style-type: none"> <li>• 1031 Fed Wire request</li> <li>• JPMorgan Chase Fax</li> <li>• Email</li> </ul>	Average Daily Claim Activity X7 for ASO or X5 for MP	<ul style="list-style-type: none"> <li>• Fed Wire</li> </ul>
Fund on Cleared	Weekly	<ul style="list-style-type: none"> <li>• ACH</li> <li>• Citidirect*</li> <li>• Email</li> <li>• Fax</li> </ul>	<ul style="list-style-type: none"> <li>• ACH</li> <li>• JPMorgan Chase Fax</li> <li>• Email</li> </ul>	Average Daily Claim Activity X8 for ASO or X6 for MP	<ul style="list-style-type: none"> <li>• ACH*</li> </ul>
Fund on Cleared' <b>Available to ASO only</b>	Same Day Funding (Citibank – SDR) (Chase – SDS)	<ul style="list-style-type: none"> <li>• Citidirect*</li> <li>• Email</li> <li>• Fax</li> <li>• 1031 Fed Wire request</li> </ul> <p><b>***Information available between 11:00 - 11:30 AM EST</b></p>	<ul style="list-style-type: none"> <li>• JPMorgan Chase Fax</li> <li>• 1031 Fed Wire request</li> <li>• Email</li> </ul> <p><b>***Information available between 10:30 – 11:00 AM EST</b></p>	0(Zero)	<ul style="list-style-type: none"> <li>• Fed Wire</li> </ul>
Fund on Issued	Daily	<ul style="list-style-type: none"> <li>• 1031 Fed Wire request</li> <li>• ACH*</li> <li>• Email</li> <li>• Fax</li> </ul>	<ul style="list-style-type: none"> <li>• 1031 Fed Wire request</li> <li>• JPMorgan Chase Fax</li> <li>• Email</li> <li>• ACH*</li> </ul>	0(Zero)	<ul style="list-style-type: none"> <li>• Fed Wire</li> <li>• ACH*</li> </ul>

**Citibank Abbreviations**

\*Citidirect – online based inquiry system (Service Charge Applies)

\*ACH (Automated Clearing House)

**JPMorgan Chase Abbreviations**

ACH (Automated Clearing House)

#### IV FUNDING AND ACCOUNT MONITORING OPTIONS

The following explains funding options available for the transfer of funds from your local bank to your Vendor Bank account. **One** of the following options must be chosen.

**A). Fed Wire Transfer (1031)** Wire transfers of funds are executed through the Federal Reserve Banking System, which connects Federal Reserve Offices, depository institutions, the U.S. Treasury and other government agencies. All such transfers are completed on the same day funds are requested, usually in a matter of minutes, and are guaranteed final when the receiving institution is notified of the credit to its accounts.

**B). Automated Clearing House (ACH)** is a nationwide clearing and settlement mechanism that provides processing for electronically originated credits and debits. In an ACH operation, depository institutions transmit debits and credits via telecommunication links to the local ACH facility. ACH items are then credited to the receiving bank. An "offset" to the credit will be an automated debit to your funding bank via the Federal Reserve System. Since the debit to your local bank occurs one day later than would occur with a standard Fed Wire Transfer, an additional day of imprest (explained in section IV, below) must be maintained in your Vendor Bank Program account.

In order to utilize ACH funding arrangements, the following must apply in regards to your local bank account:

1. The bank must be a member of the Automated Clearing House Network.
2. The account cannot be a savings account.

**THE FOLLOWING OPTIONS APPLY TO CUSTOMERS WHO WISH TO INITIATE THE TRANSFER OF FUNDS**

#### **CITIBANK**

**FAX notification.** Citibank sends fax notification to the customer containing the balance of account. Customer calculates amount to fund by subtracting balance of account from imprest. The customer is responsible to initiate the transfer of funds from their local bank account to the Citibank account. Customers can choose to have Citibank sent out fax for monitoring purposes as well (**Citibank does not currently charge for this service, however a service charge may apply at a future date.**)

**Email notification (effective 01/01/06).** Citibank sends email notification to the customer containing the balance of account. Customer calculates amount to fund by subtracting balance of account from imprest. The customer is responsible to initiate the transfer of funds from their local bank account to the Citibank account. Customers can choose to have Citibank sent out email for monitoring purposes as well (**Citibank does not currently charge for this service, however a service charge may apply at a future date.**)

**CITIDIRECT: (FOR CITIBANK ONLY)** Citidirect allows you to inquire about account activity online. Citidirect provides access to your Citibank account through a designated ID and Password for your program account(s). New York and Delaware based accounts require separate ID's. Citidirect provides the availability to view account activity including balances, credits and debits. Citidirect will provide debit information split by CIGNA account number for customers seeking this level of detail. You also have the ability to print requested pages of the bank account information for your files. (**No software is needed for this product however a service charge of \$20.00 per user and an additional \$1.00 per bank account applies.**)

#### **JPMorgan CHASE**

**FAX notification:** JPMorgan Chase Fax is an automated funding notification sent by JPMorgan Chase Bank to the customer containing the dollar amount requested. The customer is responsible to initiate the transfer of funds from their local bank account to the JPMorgan Chase Bank account. Customers can choose to have JPMorgan Chase Fax sent out for monitoring purposes as well. (**JPMorgan Chase does not currently charge for this service, however a service charge may apply at a future date.**)

**Email notification (effective 10/01/06).** JPMorgan Chase sends an automated email notification to the customer containing the dollar amount requested. The customer is responsible to initiate the transfer of funds from their local bank account to the Citibank account. Customers can choose to have JPMorgan Chase Email sent out for monitoring purposes as well. (**JPMorgan Chase does not currently charge for this service, however a service charge may apply at a future date.**)

## V IMPREST

Banking regulations require that adequate funds be maintained to pay checks as they clear. Therefore, you are required to maintain an "Imprest Balance" in your Vendor Bank Program account. Imprest balance is set at an amount to adequately cover claims clearing the bank account on a daily, weekly or monthly basis. All imprest figures are rounded to the nearest thousand.

Imprest is calculated by taking your expected yearly claim issuance and dividing it by 12, which results in the average monthly claim issuance. The average monthly claim issuance is then divided by 20, the average number of business days per month. This results in the average daily claim issuance.

The imprest amount is calculated based on the frequency of funding:

For ASO accounts that fund DAILY, via Fed Wire, multiply the average daily claim issuance by 3 to determine the imprest.

For ASO accounts that fund WEEKLY, via Fed Wire, multiply the average daily claim issuance by 7 to determine the imprest.

For MP accounts that fund DAILY, via Fed Wire, multiply by 1 to determine the imprest.

For MP accounts that fund WEEKLY, via Fed Wire, multiply by 5 to determine the imprest.

If you choose to fund your Vendor Bank account via ACH (Automated Clearing House) rather than Fed Wire, an additional day of average claim activity must be maintained. For example, an ASO account that funds weekly via ACH would need 8 days of average claim activity for an imprest.

Imprest amounts are reviewed by Financial Services once a year, at renewal, to determine if the established imprest is still sufficient. Imprest can also be reviewed should it become evident an increase is needed (ie. your bank account becomes overdrawn often). Financial Services will notify you if an increase is necessary.

## VI Outstanding Checks Services

A standard monthly report is provided to ASO and Minimum Premium customers by CIGNA HealthCare Financial Services. This report is entitled, "Outstanding Checks 9 Months". The purpose of this report is to provide customers with a single source for identification and research of checks outstanding 9 months from the issue date. If the checks identified need to be stopped and/or replaced the payee can contact the corresponding claim office to initiate this process.

In addition to the "Outstanding Checks 9 Months" report, Outstanding Checks Research Services are available from Financial Services for an Optional Services cost. The basic services are:

- Financial Services will send a letter and affidavit to the payees of all checks that are outstanding 9 months from the check issue date.
- A follow-up letter and affidavit is sent to payees from whom no response is received after 60 days.
- Replacement checks will be issued and claim systems updated for payees completing an affidavit stating the original check is lost and was not cashed.
- A Monthly Activity Report will be provided to customers that reflects:
  - Letters sent;
  - Follow-up letters sent;
  - Letters which received no response;
  - Checks replaced per the payee
  - Checks cashed per the payee

Outstanding Checks Research Services does not include completion of escheat filings to the State; this remains the responsibility of the customer.

The cost of Outstanding Checks Research Services is:

- \$10.00 for each letter sent. This covers the cost of the mailing, system processing, reporting and staff support. This charge also applies to follow-up letters, but not to re-directed mail (there is no additional cost for re-directed mail).
- \$5.00 for each replacement check issued. This covers the cost of issuing the check, system processing, reporting and staff support.

Charges are processed monthly, in arrears. They are processed through the Optional Services System and can be included in the monthly premium or ASO bill or charged to the account by the Underwriter at renewal.

To purchase Outstanding Checks Research Services an Outstanding Checks Research Services Enrollment/Termination form must be completed (see the attached). The form can be emailed to the Financial Service analyst assigned to the account with a cc: to Kathy Korzeb so she can update Chirps. In addition, the analyst should send a copy of the completed form to the account's sales contact.

ENROLLMENT/TERMINATION FORM

Date: \_\_\_\_\_

Check Action: Enrollment \_\_\_\_\_  
Termination \_\_\_\_\_

Customer Name: \_\_\_\_\_

Person Completing the Form: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**PLEASE COMPLETE IF ENROLLING FOR OUTSTANDING CHECK SERVICES:**

CDB Account Numbers: \_\_\_\_\_

REMINDER: OUTSTANDING CHECKS RESEARCH SERVICES DOES NOT INCLUDE ESCHEAT FILINGS TO THE STATE.

**IF TERMINATING THE SERVICE, PLEASE PROVIDE A BRIEF REASON:**

\_\_\_\_\_  
\_\_\_\_\_

The cost of Outstanding Checks Research Services is:

- \$10.00 for each letter sent. This covers the cost of the mailing, system processing, reporting and staff support. This charge also applies to follow-up letters, but not to re-directed mail (there is no additional cost for re-directed mail).
- \$5.00 for each replacement check issued. This covers the cost of issuing the check, system processing, reporting and staff support.

\_\_\_\_\_  
**Customer Signature** **Date**