

HSA Customer Identification Program (CIP) Overview

MyChoice® Accounts



HSA CIP Overview

The USA Patriot Act Section 326 requires financial institutions to verify the identity of individuals wishing to conduct financial transactions with them. Any bank opening a Health Savings Account (HSA) must provide Customer Identification Programs (CIP) to prevent the financing of terrorist operations and money laundering.

MyChoice Accounts by Businessolver® takes appropriate steps to ensure its banking partner follows the appropriate regulations, so that your employees' HSAs are compliant. CIP requirements can be frustrating when employee accounts pend or don't pass the CIP process. So, Businessolver has implemented a few enhancements to make this process as smooth as possible for our clients and for their employees.

Required CIP Data

Here's the information necessary for CIP verification:

- **Full Legal Name** (First Name, Last Name, Middle Initial)
 - No married name if legal change hasn't been made
 - No Americanized version of a legal name
 - No nicknames
 - No different spellings of a legal name
- **Residential Address**
 - No P.O. Box or Non-U.S. Address allowed
- **Date of Birth**
 - Must be at least 18 years old
- **Social Security Number** (SSN)
- **Home or Business Phone**

The custodian bank uses this information to verify the accountholder's identity and Businessolver will send it securely to the bank to validate against its CIP verification system.

CIP Verification Process Results

The verification process leads to one of two possible results:

- **Pass:** The accountholder's information is verified, and the bank opens the account
- **Fail:** The accountholder's information fails verification. This typically occurs after 30 days to collect and retry.

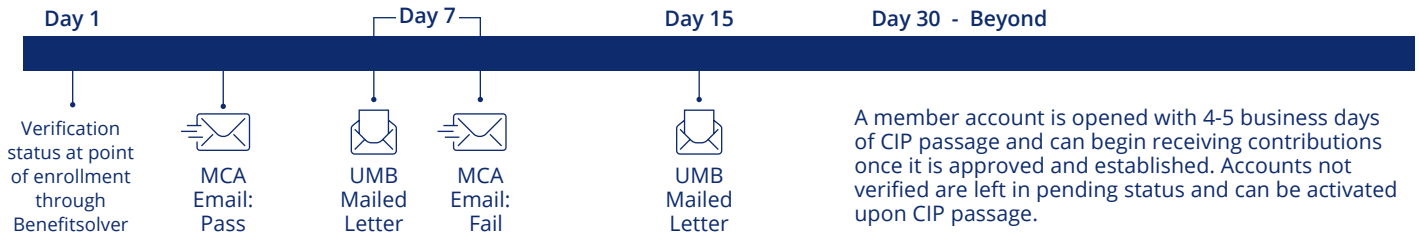
The following is a list of common scenarios which may cause an individual to fail the CIP process*:

- Name matches Office of Foreign Assets Control (OFAC) registry listing
- SSN issue date is prior to date of birth
- SSN is for a deceased individual
- Day, year, or month of birth does not coincide with SSN
- SSN does not coincide with name and address
- State of Nevada does not provide SSN listings for credit/ID verifications
- Employee has a "freeze" placed on their credit as a voluntary protection against credit fraud

*These are examples but not a complete list of the types of possible challenges or reasons for CIP failure.



CIP Process Communication Schedule



Important Note: Two notices will be mailed, and the time periods are not configurable. All electronic mailing periods are configurable, but the schedule here reflects the standard timeframe.

Action #1: Auto-verification – Once a member completes the enrollment process through Benefitsolver, an initial CIP verification is performed and will provide a response back to member notifying the employee if they passed the initial CIP verification or if additional information is needed to complete their initial HSA enrollment.

Action #2: MyChoice Accounts Email with Fail Status – Member receives notice that their account will not be opened and provides information about how to submit documentation.

Action #3: Mailed Letter from UMB – Within 7 business days of receipt of enrollment, if no response from the employee will receive a letter, through U.S. mail, directly from the bank custodian, notifying them that additional information is needed in order to complete CIP.

Action #4: Mailed Letter from UMB – 30 business days, if no response from the employee or custodian bank needs additional information an email notice will be sent to the employee directly from custodian bank – notifying them that if they do not provide the necessary documentation, their HSA will not be opened.

Account pends until user verification. Clients may review CIP Status Report to review any outstanding employees. Pending accounts are NOT included on the funding requests and employers should not submit contributions for pended accounts.

Valid Forms of ID for CIP Verification

Employees who need to provide additional documentation to complete the CIP process must provide two unique forms of identification from the list below to the custodian bank within 30 days of notification:

- **Proof of Identification:**
 - State-issued driver's licenses (temporary/paper versions are unacceptable)
 - State-issued non-driver or identification card
 - U.S.-issued passport
 - Other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard to the extent allowed by law or regulation.
- **A copy of their Social Security Card**

Best Practices for Easing Administration Burden

Understanding the challenges within the CIP process helps in defining the best strategies to maximizing your HSA program. Below outlines some of the challenges for employees and employers when employees fail the CIP process:

- We see an average of 3% of employees that are potential candidates for having CIP issues.
- Employee fails to respond to requests – lack of engagement and ownership.
- Incorrect census data from employer.
- Timing between enrollment and account opening or failure to open.
- Employees can't use employers' lump sum funding to the accounts.

Here are options and best practices for addressing these challenges:

Delayed Contributions (Member and/or Employer)

- a. Employee enrolls in HSA elects the amount they want to contribute to the plan for the upcoming plan year/remainder of the year.
- b. Employee census and election data sent to custodian bank to open account and begin CIP process.
- c. Custodian bank receives employee data and initiates CIP:
 - i. CIP Pass:
 1. Custodian bank notifies Benefitsolver with CIP passed indicator
 2. Member receives email notification that account is opened and MyChoice Accounts Spending card is created and mailed.
 3. Member's HSA plan is updated in Benefitsolver from pending to approved.
 4. Employee and/or Employer contributions reported on Benefitsolver payroll file, deducted from employees payroll and contributions are reported back to Benefitsolver (closed loop or separate payroll file).
 5. Contributions processed and loaded as pending to employee's HSA Account.
 6. Employer receives funds requests for total contributions to post to all employee accounts.
 7. Funds request received by MyChoice Accounts, released to custodian bank and funds are posted to employees account.
 - ii. CIP Fail
 1. Member is sent to UMB and does not pass the initial CIP check. UMB mails the member a letter.
 2. After 15 days, if the member has not provided the documentation to UMB, they will mail a second letter to the member requesting documentation.
 3. Approximately 30 business days from the initial failure, if no documentation has been provided, we will receive a code from UMB updating the system to reflect the CIP Failed status and an event will be triggered from action manager that will email a CIP Failure notice.
 4. There is a CIP Status Report that reflects the CIP status of all accounts to the clients.

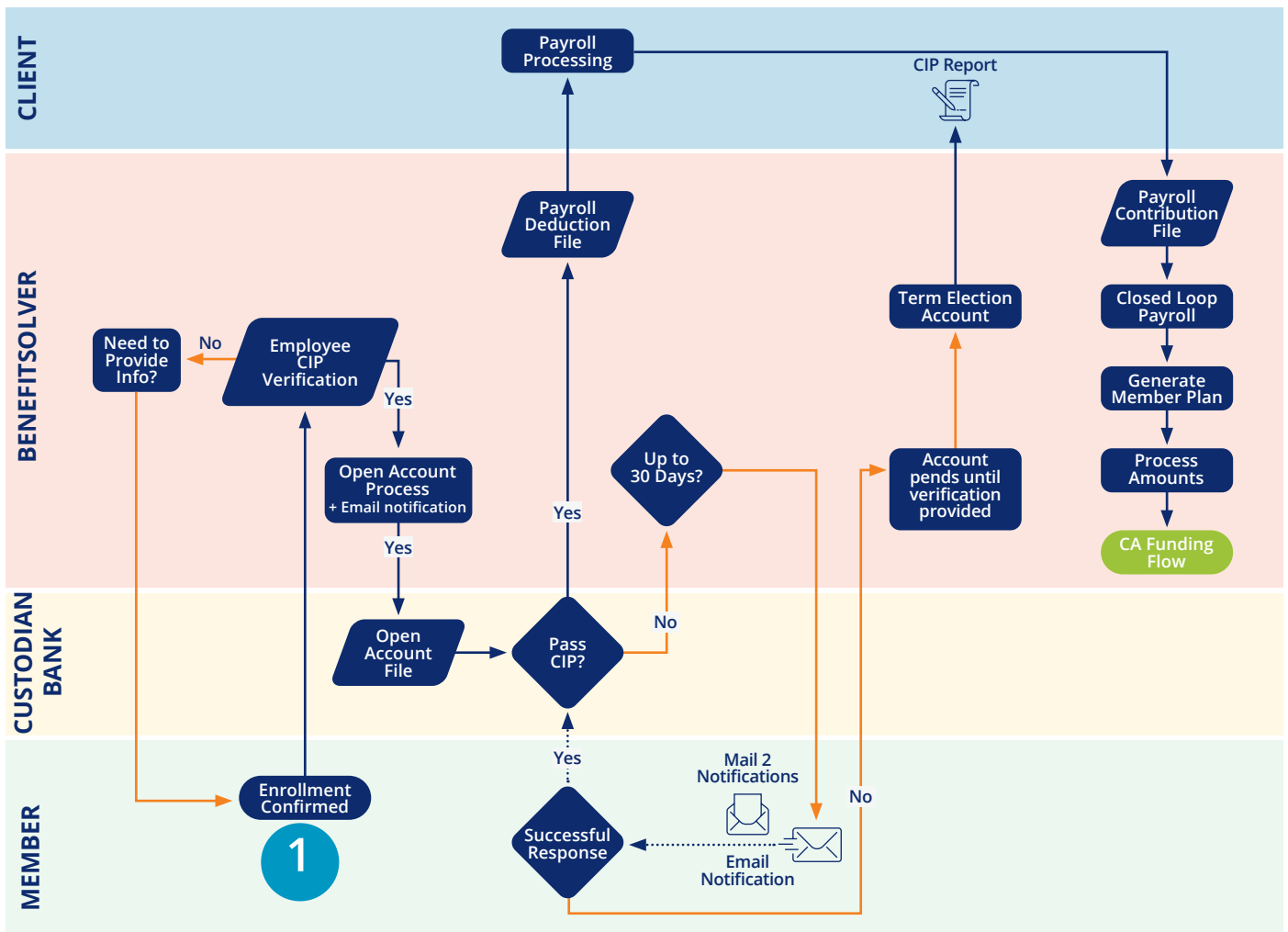
Any documentation to rectify a CIP Failure must be sent to UMB (not Businessolver). The information can be sent one of two ways:

1. **Email to HSA.CIPSupport@UMB.com.** Send an email to this email address requesting a secure email to transmit the documents.
2. **OR Mail to:** UMB Healthcare Services
P.O. Box 419226
ATTN: CIP UPDATE (MS: 10020502)
Kansas City MO 64141-6226

The HSA status remaining in Pending Approval indicates the member has not passed CIP, or another issue with their enrollment. No employee or employer contributions should be sent if the member is Pending Approval.


HSA CIP Data Flow

Consumer Accounts | CIP | Enrollment Pending Deductions



HSA CIP Communication Examples

Action #1: Emailed Notice for CIP Pass




Congratulations! You have successfully passed the first step in opening your Health Savings Account through MyChoice Accounts. Financial institutions are required to verify the identity of individuals applying for an HSA. We will begin the next step to open your HSA and issue your debit card.

No action is required from you at this time.

The information contained in this message is proprietary and/or confidential. If you are not the intended recipient, please: (i) delete the message and all copies; (ii) do not disclose, distribute or use the message in any manner.

NOTE: THIS IS A SYSTEM GENERATED EMAIL. PLEASE DO NOT REPLY TO THIS EMAIL. FOR QUESTIONS, RETURN TO YOUR BENEFITS PORTAL.

Action #2: MCA Email - Action Required



Hello! We are currently processing your enrollment for your Health Savings Account.

ACTION REQUIRED

To complete the enrollment in your Health Savings Account, please provide copies of the following documents:

1. A copy of your state-issued driver's license, state-issued ID or passport to confirm your date of birth.
2. A copy of your Social Security card to confirm your Social Security number.

Please note, if we do not receive the documentation necessary to validate your identity, your HSA will not be established. Financial institutions are required to verify the identity of individuals applying for an HSA.

Please send documentation using one of the secure methods below:

Email:
hsa.cipsupport@umb.com
(If you would like to request a secure email connection, please email that request prior to sending your documentation. A secure email will be sent for your use.)

Mail:
UMB Healthcare Services
PO Box 419226
Attn: CIP UPDATE (MS: 1020502)
Kansas City, MO 64141-6226

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HSA CIP Communication Examples

Action #3: CIP Fail - Initial Mailed Notice

UMB

«Date»

«Customer Name»
«Address Line 1»
«Address Line 2»
«City, State, Zip»

Dear «Customer Name»:

You are receiving this letter in response to your recent Health Savings Account (HSA) enrollment. Per Section 326 of the USA Patriot Act, UMB is required to verify the identity of individuals who open an HSA.

**RESPONSE REQUIRED
CONCERNING YOUR HEALTH
SAVINGS ACCOUNT
ENROLLMENT**

To complete your enrollment, additional documentation is required to confirm your identity. Please provide copies of the following documents:

- A copy of your state-issued driver's license, state-issued ID or passport to confirm your date of birth.
- A copy of your Social Security card to confirm your Social Security number.

Please note that if we do not receive the documentation necessary to validate your identity, your HSA will not be established.

Send back your documentation using one of the methods below:

- Via email to HSA.CIPSupport@umb.com. If you would like to request a secure email connection, please send a request prior to sending the requested documentation. A secure email will be sent for you to reply to; or
- Via mail to:

UMB Healthcare Services
PO Box 419226
Attn: CIP UPDATE (MS: 1020502)
Kansas City, MO 64141-6226

If you have any questions please contact UMB at 866-520-4HSA (4472) M-F 7 a.m. – 7:30 p.m. or Saturday 8 a.m. – 5 p.m. CT.

Sincerely,

UMB Healthcare Services

UMB Healthcare Services
1010 Grand Boulevard
Kansas City, Missouri 64106
hsa.umb.com
Member FDIC

Action #4: CIP Fail - Second Mailed Notice

UMB

<<Date>>

«Customer Name»
«Address Line 1»
«Address Line 2»
«City, State, Zip»

Dear «Customer Name»:

You are receiving this letter in response to your recent Health Savings Account (HSA) enrollment. Per Section 326 of the USA Patriot Act, UMB is required to verify the identity of individuals who open an HSA.

**SECOND REQUEST
CONCERNING YOUR HEALTH
SAVINGS ACCOUNT
ENROLLMENT**

We have previously requested additional documentation from you and have not yet received the requested documents. To complete your enrollment, you must provide copies of the following documents:

- A copy of your state-issued driver's license, state-issued ID or passport to confirm your date of birth.
- A copy of your Social Security card to confirm your Social Security number.

Please note that if we do not receive the documentation necessary to validate your identity, your HSA will not be established.

Send back your documentation using one of the methods below:

- Via email to HSA.CIPSupport@umb.com. If you would like to request a secure email connection, please send a request prior to sending the requested documentation. A secure email will be sent for you to reply to; or
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Sincerely,

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Accounts



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