



First Month Funding Overview

First Month Funding (FMF) with Gravie is the estimated total funds needed to pay employees first month's premium. These funds are held in an account with Gravie during group onboarding and open enrollment period. This account is used to process the initial premium payment to each carrier through Gravie's Virtual Funding Accounts systems as employee enroll in the ICHRA and their individual medical plan.

Why is FMF needed? Individual Carriers require a binder payment, the first month premium amount, at time of application to make the insurance contract binding with the policy holder, your employees. To eliminate the need for employees to pay the binder payment and then later receive a reimbursement, Gravie uses the FMF account to process each employee's binder payment with their carrier as they complete their enrollment with the carrier.

How is the FMF amount determined? Gravie uses current enrollment data along with Individual plan data to estimate the expected premium for each current participant and factors in additional funds for enrollment changes and additional participation. If participation is higher than this amount, Gravie may pull additional funds during your open enrollment as needed. In this case, an additional FMF statement will be sent via email and funds will be pulled 1-2 business days later.

How is The FMF Account funded? All funding is processed via ACH pull from the bank account that was provided to Gravie via your Gravie Service Agreement. This account will need to be funded to allow the ACH pull from Gravie. ACH pull failure has a direct impact on Gravie's ability to coordinate premium payments to carriers and can put your employees' policies at risk of cancellation due to non-payment. For this reason, it is vital that Gravie is able to pull the needed funds without issue.

When does the FMF account need to be funded? Gravie requires funding initiated 10 business days prior to the start of your group's open enrollment period. Open enrollment cannot begin unless the FMF is fully funded.

What visibility will your team have into the FMF account?

Gravie provides FMF Balance Statements on a weekly basis. These reports are provided on each Friday until the FMF account is reconciled at the end of the implementation period. These statements are balance statements, separate funding statements will be sent prior to any additional funding pulls.

When is the FMF Balance reconciled? Any remaining balance of FMF will be reconciled 60 days after the effective date of your ICHRA. Carriers allow a 60-day enrollment period from an employee's ICHRA eligibility. For this reason, Gravie holds the FMF balance through the end of this 60-day period in order to have funds to process first month's premiums for any enrollee that takes action during this initial 60 day period. Gravie will issue a credit via ACH push to the bank account we have on file at the time of reconciliation.

Medicare Participants and FMF

The FMF amount does not include Medicare Participants. Because Medicare plan enrollments are completed outside of the Gravie System, Medicare first month funding is processed as a reimbursement outside of your Gravie FMF account. These reimbursements will generate individual funding statements and ACH pulls as the Medicare participants complete their ICHRA enrollment steps with Gravie. Ongoing, Medicare participants will be included in the consolidated monthly funding statement.

Questions?
Contact your Account Manager

