



# Important Information About Prepaid Benefits Card Substantiation

Participants may have questions about the requirements for submitting receipts when the Prepaid Benefits Card is used to pay for a service. This handout provides an explanation of the receipt substantiation requirements.

## **IRS rules govern substantiation requirements**

The IRS has established specific guidelines that require all Flexible Spending Account (FSA) and Health Reimbursement Arrangement (HRA) transactions – even those made using a health care payment card – to be substantiated (verified that the purchase was an eligible medical expense).

The IRS requires that FSA/HRA administrators have the date of service, nature of the expense, provider name and the out-of-pocket cost on file for each expense paid for with a card.

## **Common myths about receipt requirements**

1. If the Prepaid Benefits Card is used for an eligible service, no further receipts or documentation are needed to support the expense.
2. All claims at a doctor, dentist or vision provider do not require receipts.

These are misconceptions since some services from medical, dental, vision or pharmacy providers are ineligible expenses. As an example, teeth whitening is an ineligible expense. In addition, the date of service must be within the FSA/HRA plan year. The payment date is not always the date of service.

## **IIAS and Auto Substantiation**

Inventory Information Approval System (IIAS) is a Federal Government approved system used by many pharmacy merchants that identifies eligible prescription and over the counter products. This system limits FSA/HRA health care payment cards to only those eligible items.

This system makes it easier for account holders to manage eligible over-the-counter products and pharmacy expenses, since the merchants automatically substantiate purchases at the point of sale.

## Always save itemized documentation of your expenses

Employees should save their itemized receipts from every health care payment card transaction and all of the Explanation Of Benefits (EOBs) they receive from health/pharmacy/dental plans.

An easy approach for keeping this information on hand is to designate one envelope or folder to store all itemized health care payment card receipts and EOBs. Using this process will help employees find documentation if requested.

### Information required on documentation

All receipts or documentation must include the following information:

- Name of person who incurred the service or expense
- Name and address of the provider or merchant
- Date of service for the amount charged
- Detailed description of the service
- Amount due for the service provided



EOBs contain all of the required information and are excellent sources of documentation. *Credit card receipts and cancelled checks are not acceptable!*

Receipts for over-the-counter (OTC) products and prescription items do not need to include the person's name, but must display the name of the item (e.g. band aids).

### IMPORTANT - Requests for additional information

If a debit card transaction is not auto-substantiated, DBS will send you a request for documentation via email or traditional mail.

It is important that you act upon the request. If you do not, the IRS requires DBS to suspend the use of your card. You are responsible for submitting proper documentation and may need to pay the plan back if you fail to do so. Contact DBS for assistance.

For assistance please call our Customer Service Department at 1-800-234-1229.