

## What is the Flexible Benefit Administrators Benefit Card?

The Flexible Benefit Administrators (FBA) Benefit Card is a stored-value card that simplifies the process of paying for qualified health flexible spending account (FSA) expenses. As an alternative to the traditional method of filing claims, the FBA Benefit Card lets you electronically access the pre-tax contributions you set aside in your health FSA.

You may use the FBA Benefit Card at qualifying health care providers and medical merchant locations. As you incur qualified health care expenses, you simply present your benefit card for credit payment. The amount of the qualified expense is automatically deducted from your FSA, and the funds are electronically transferred to the provider or merchant for immediate payment. The card system will validate your coverage status, the status of your benefit card, the merchant category code, and the available funds in your account.

## What is the advantage of using the FBA Benefit Card?

The FBA Benefit Card allows you to pay for qualified medical expenses at the point of service providing:

- Real-time access to your FSA – you avoid paying out-of-pocket with cash or check.
- Immediate payment of your expense – you avoid waiting for a reimbursement check as funds are transferred immediately from your FSA at the time you incur the expense.
- Reduced paperwork and ease of use at the point of sale when you purchase an eligible FSA expense.

## Where can I use my benefit card?

You may use your card at merchant health care providers that have a health-care related merchant category code (such as doctors, dentists, vision care offices, hospitals, and other medical care providers) or at grocery stores, discount stores, and pharmacies that utilize an Inventory Information Approval System (IIAS).

A merchant category code is an electronic identifier that categorizes the type of merchant where you are using your card. During the purchase process, the category information determines if your card can be used at that location.

You must save all of your receipts, statements or other itemized documentation for all benefit card transactions, as you may be required to show proof of all purchases made using your FBA Benefit Card. We recommend keeping all documents in a separate envelope at home or work.

## What is an Inventory Information Approval System?

An Inventory Information Approval System (IIAS) is a point-of-sale system that compares the items that you are purchasing against a list of FSA-eligible items maintained by the merchant. When using your benefit card at an IIAS merchant, you may only use your benefit card to pay for those items identified on the list of eligible expenses maintained by the merchant. For example, when purchasing eligible, health care-related items AND ineligible, non-health care-related items, the merchant will only accept the benefit card as payment for the health care-related items. You must pay for the ineligible items with another form of payment (cash, personal credit card, debit card, etc.)

In rare circumstances, purchases made at merchants utilizing an IIAS may fail to process appropriately. In those cases, you will be required to submit receipts or other substantiating documentation.

**Please Note:** You may not use the FBA Benefit Card at any merchant that does not have a health care-related merchant category code unless that merchant utilizes an IIAS. Pharmacies, grocery stores, and discount stores will not qualify as merchants with a health care-related merchant category code. A list of merchants utilizing an IIAS is available online at [www.sig-is.org/en/index.asp](http://www.sig-is.org/en/index.asp).

Some merchants, including Walgreens, have implemented a custom IIAS solution and do not appear on this list. You may use your benefit card at these merchants as well. If your chosen vendor does not appear on this list, ask them for confirmation prior to using your card.

### **What if my preferred merchant does not utilize an IIAS?**

You may pay for your eligible expenses using another method of payment and then submit a reimbursement form along with the appropriate supporting documentation. All documents are subject to review and approval prior to reimbursement. You can find a reimbursement form through your personal FBA account at [www.flex-admin.com/fba-print-form-fsa.aspx](http://www.flex-admin.com/fba-print-form-fsa.aspx).

### **Do I have to use my benefit card for all expenses that I incur?**

No. You may choose to pay for eligible expenses using another form of payment and then submit a Request for Reimbursement Form along with your supporting documentation. If you choose not to use your benefit card, we recommend that you keep your benefit card in a safe and secure place in case you want to use it in the future plan years.

**Please Note:** The FBA Benefit Card is the easiest, fastest, and most secure way to pay for your eligible health FSA expenses. Using your card allows you to pay for eligible expenses without the need to pay out of pocket and wait for reimbursement. We encourage you to find out just how easy and convenient participating in the FSA plan can be by using your card to pay for eligible expenses.

### **Can I use my benefit card to purchase over-the-counter medicines after January 1, 2011?**

No. As part of the changes introduced by the recent health care reform acts, beginning January 1, 2011, over-the-counter (OTC) medications and drugs will no longer be eligible for reimbursement under our health FSA unless prescribed by a doctor (or another individual who can legally issue a prescription) in the state in which you purchase the OTC medications. Any claim you submit for reimbursement that includes an OTC medication expense incurred on or after January 1, 2011 must be accompanied by a Request for Reimbursement Form and appropriate supporting documentation, which must include one of the following:

- A written or electronic OTC prescription along with an itemized cash register receipt that includes the merchant name, name of the OTC medicine or drug, purchase date, and amount.
- A printed pharmacy statement or receipt from a pharmacy that includes the patient's name, the Rx number, the date the prescription was filled, and the amount.

Your benefit card may be used to purchase over-the-counter (OTC) medications only if you present the OTC prescription to a pharmacist who then dispenses the medication in the same manner as a traditional prescription and an Rx number is assigned.

Examples of OTC medications and drugs now requiring a prescription include (but are not limited to):

- Allergy and sinus: Actifed, Benadryl, Claritin, Sudafed
- Antacids: Mylanta, Pepcid AC, Prilosec, TUMS
- Aspirin and pain relievers: Advil, Excedrin, Motrin, Tylenol
- Cold and flu: Nyquil, Theraflu, Tylenol Cold & Flu
- First aid creams, sprays, and ointments: Bactine, Neosporin
- Sleep aids: Sominex, Tylenol PM, Unisom Sleep Tabs

To be eligible under a health FSA, OTC medications and other eligible items must be for “medical care” as defined by the Internal Revenue Code. An OTC medication is for “medical care” if it is needed to treat a medical condition and is generally accepted as falling within the category of “medication or drugs.” Items that are merely beneficial to the general health of an individual are not for “medical care” and are not reimbursable (e.g., vitamins, nutritional supplements).

**Please Note:** Insulin (including OTC insulin) is not affected by this change and can be purchased using your benefit card.

### **What OTC items are still eligible expenses without prescription?**

The rules for OTC health care-related expenses have not changed, and these items are still eligible for reimbursement through your health FSA. You may use your benefit card to purchase these items. Examples include (but are not limited to):

- Bandages, band-aids, and gauze
- Contact lens solution
- Condoms and other OTC contraceptives
- Diabetic supplies and test kits
- First aid kits
- Hearing aid batteries
- High blood pressure monitors
- Thermometers
- Wheelchairs, crutches, canes, and walkers

### **When using my benefit card, can I purchase eligible and ineligible items at the same time?**

When using your benefit card at an IIAS vendor, your card may be used to pay for only those items identified on a list of eligible expenses maintained by the vendor. You do not have to worry about which expenses qualify or splitting up your purchase – the IIAS process will do that for you.

### **Should I select “debit” or “credit” when checking out?**

You should select “credit.” Benefit card transactions are signature-based and processed in the same manner as a credit card transaction. The FBA Benefit Card does not require or include a PIN for authorization and there is no “cash back” option.

## Is the benefit card process paperless?

Generally, yes. However, in some cases you may be required to submit additional documentation, per IRS guidelines. You must keep copies of all receipts and itemized statements (not the credit card receipt) for each purchase.

## How will I know if I need to submit additional documentation?

When necessary, FBA will request verification on your card purchases. To resolve transactions that need further action, you will need to submit acceptable forms of documentation (noted below).

To ensure timely notification, we will send all notices to you via e-mail upon request. Please take time to register and log in to your account at [www.flex-admin.com](http://www.flex-admin.com) to submit or update your e-mail address. We encourage you to log into your account each month to check out your activity.

## What is acceptable documentation?

The required documentation for benefit card transactions is the same documentation required for traditional paper claims. Therefore, you must retain copies of all itemized receipts for each benefit card transaction. We recommend you keep all documentation in a separate envelope at home or work.

You must submit documentation to FBA upon request. Appropriate documentation includes:

- For Office visits – Your insurance plan’s Explanations of Benefits (EOB) statement or an itemized receipt or bill from the provider that includes the patient’s name, a description of the service, the original date of service and your portion of the charge.
- For prescription drug purchases – A pharmacy statement or printout from your pharmacy including the patient’s name, the Rx number, the name of the drug, the date of the prescription was filled and the amount.
- For OTC medication and drugs – A written or electronic OTC prescription along with itemized cash register receipt that includes the merchant name, name of the OTC medication or drug, purchase date, and amount, OR a printed pharmacy statement or a receipt from a pharmacy that includes the patients name, the Rx number, the date of prescription was filled, and the amount.
- For OTC health care-related items – An itemized cash register receipt with the merchant name, name of the item/product, date and amount.

In some cases, a Letter of Medical Necessity Form completed by a medical practitioner may be required. Credit card receipts, canceled checks and balance forward statements do not meet the requirements for acceptable documentation.

## Will I receive a request for documentation for every benefit card transaction?

No. In many cases, your transaction will be automatically verified by the card system using one of the IRS-approved methods outlined below:

- The expense matches specific co-pay you have under your employer’s medical, pharmacy, vision, or dental plan. For example, you may not be required to submit a statement or EOB if you have \$20 co-pay for

physician office visits, and the payment was made to a physician office in the amount of \$20.

- Recurring expenses will not result in a request for documentation as long as the expense equals the same amount, duration, and provider as a previously approved expense. These recurring transactions will be processed and approved without documentation only after you submit receipts or other documentation and the initial transaction have been reviewed and approved.
- You purchase your FSA-eligible items at a merchant utilizing an IAS. In the unlikely event that an IAS transaction fails to process correctly, you will receive a request for documentation. You must verify these transactions as outlined above.
- In limited situations, your claim information may be provided through an electronic file from your health insurance carrier or other provider. In these situations, verifying expenses may not be required if the electronic claim file is accompanied by an electronic or written confirmation for the health care provider that identifies your expense and verifies the amount.

**Please Note:** You must still obtain and retain the third-party statement or EOB when you incur the expense and use your benefit card, even if you believe it will not be needed. If the card system is unable to automatically substantiate your transaction, you will receive a request for supporting documentation.

### **What are instances when supporting documentation is needed?**

In most circumstances, using your benefit card to pay for dental and vision expenses will result in a request for additional documentation (such as an EOB or itemized receipt) from FBA because the amount will rarely match your insurance co-pay amount and these transactions are not part of the IAS process. This may also occur if you are covered under your spouse's plan when a co-pay does not match the plan's claims data. For example:

- If you visit the eye doctor and in addition to paying for an eye exam, you purchase eyeglasses or contacts with your benefit card. Your total does not match your insurance co-pay amount; therefore, your transaction cannot be automatically approved, and you will receive a request for additional documentation.
- When paying for dental services with your benefit card, the co-insurance amounts for the various services will differ – the cost of a routine cleaning is different than the amount for a cavity filling. Since the amounts are often inconsistent with each visit, you will receive a request for supporting documentation.
- If you are covered under your spouse's health plan and the co-pay for your physician visit does not match up with the date provided by the plan, FBA will ask for documentation to verify the benefit card transaction. The co-pay must match your specific co-pay under your employer's plan.

### **What if I do not have a copy of my itemized receipt?**

If you do not have a copy of your itemized receipt and receive a request for documentation, request a copy from the provider (pharmacy, doctor, dentist, etc.). Additionally, many health insurance providers offer statements and/or EOB statements on their Websites. It is important for you to retain your receipts for OTC purchases, as cash receipts typically cannot be reproduced.

## What if I accidentally use my benefit card for ineligible or non-qualifying expenses?

If your benefit card is misused, you will be required to reimburse the plan with a personal check, money order, or online payment. Failure to repay the plan could result in adverse tax consequences.

## What should I do if I want to pay for multiple co-pays in one transaction?

You may swipe your card for an amount up to five times the maximum co-pay amount to include:

1. Single co-pay for a specific benefit – If the transaction equals a multiple of specific co-pay, then no additional documentation is required. However, the transaction will fall outside of this automatic approval category if the transaction amount exceeds five times the applicable co-pay amount.

**Example:** You and your two children visit the doctor and there is \$20 co-pay amount per person for the office visit. You only have to swipe your card once. The \$60 transaction will match as a multiple of your co-pay amount.

2. Different co-pay for a specific benefit – If the transaction equals a multiple of a co-pay for a particular benefit, or a combination of the co-pays for a particular benefit then no additional documentation is required. However, this transaction will fall outside the automatic approval category if the transaction amount exceeds five times the maximum co-pay for a particular benefit.

**Example:** Assume your health plan required \$15 co-pay for generic drugs and a \$25 co-pay for brand-name drugs. You use your benefit card at the pharmacy to purchase three generic drugs and two brand-name drugs for a total of \$95. No additional documentation is required because the \$95 total is a multiple of combination of the co-pays for the particular benefit, and the total does not exceed five times the maximum co-pay amount.

**Please Note:** If the transaction amount exceeds the maximum transaction amount (i.e., five times the maximum co-pay for that type of benefit) or it is not a multiple of the co-pay or combination of co-pays for a benefit, additional documentation is required for the entire transaction.

**Example:** Assume your health plan requires a \$20 co-pay for procreation drugs. You use your benefit card to purchase seven prescriptions for a total of \$140. The \$140 transaction exceeds the five times maximum co-pay amount for that particular benefit. Therefore, you must provide substantiation for the entire \$140 transaction.

The co-pay must match your specific co-pay under your employer's plan. It is not sufficient if the transaction amount matches a co-pay amount under any other health plan option provided by your employer or provided by your spouse's employer; it must equal a multiple of the specific co-pay that is applicable to you.

## What if I have \$1000 balance on my benefit card, but I have \$1,500 transaction?

The benefit card authorization process does not allow for partial approval of transactions. For instance, a \$90 expense against a \$50 account balance cannot be partially approved for \$50 and rejected for the remaining \$40. Therefore, transactions exceeding your benefit card balance or available balance will be rejected. For this reason,

you should log in to your personal FBA account check your available balance throughout the plan year. If you know your available account balance, you can ask the merchant to charge up to the available balance on your benefit card and use an alternative form of payment for the difference.

### **What if my benefit is declined?**

If your benefit card is declined, you may pay for the expense out-of-pocket and submit a reimbursement request. There are several reasons your benefit card may be declined, including insufficient account balance or ineligible merchant type. You may contact FBA to find out the reason your benefit card was declined.

### **Will I receive a cardholder agreement?**

Yes. The cardholder agreement will be sent along with your FBA Benefit Card. Carefully read the cardholder agreement and the back of your FBA Benefit Card. By signing the back of your FBA Benefit Card, you agree to abide by the terms and conditions of the cardholder agreement. You further certify you will use your benefit card for qualified medical expenses only and will not seek reimbursement under any other health plan. Each time you use your benefit card, you reaffirm your agreement to abide by the provisions of the cardholder agreement.

### **Will I receive a statement or accounting information of my benefit card transactions?**

You can view detailed account information including benefit card payments by logging into your account at [www.flex-admin.com](http://www.flex-admin.com).

### **Will I receive a new FBA Benefit Card for each plan year?**

No. Your FBA Benefit Card is valid for three years from the issue date. Upon annual reenrollment in the health FSA plan, your benefit card balance is reset to reflect your new election amount.

### **If I terminate employment, can I continue to use my benefit card?**

No. Your benefit card will be deactivated upon termination of your employment. If you have qualified expenses to submit after your termination of employment, you may use the traditional method of submitting a reimbursement form with appropriate documentation. However, your qualified expenses must be incurred during your period of coverage.