

CLAIM SUBSTANTIATION DOCUMENTATION RULES

General Questions on the MEDSURETY Benefits Payment Card and Claim Substantiation

This handout provides an explanation of the receipt substantiation requirements.

The Password to open the Documentation Request Email is the last 4 digits of your MEDSURETY debit card.

IRS Rules Govern Substantiation Requirements

The IRS has established specific guidelines that require all Flexible Spending Account (FSA) and Health Reimbursement Arrangements (HRA) – even those made using a healthcare payment card – to be substantiated (verified that the purchase was an eligible medical expense) per IRS Publication 969.

The substantiation process is performed by MEDSURETY. We are very diligent in the execution of the substantiation process to avoid adverse tax consequences for employees.

Common Misconceptions about Receipt Requirements

1. If the MEDSURETY Benefits Payment Card is used for an eligible service, no further receipts or documentation are needed to support the expense.
2. Any claim at a medical clinic, dentist or vision provider will not require receipts.

These misconceptions are **NOT TRUE!** Since not all services from a medical, dental, vision or a non IIAS pharmacy provider are eligible expenses, itemized receipts are required to verify eligibility. For example, a dentist may perform teeth whitening, which is not eligible for reimbursement.

IIAS and Auto Substantiation

Inventory Information Approval System (IIAS) is a new Federal Government mandated system used by pharmacy merchants that identifies eligible prescription and over the counter items and limits LPFSA healthcare payment cards to only those eligible items.

Substantiation Processes

There are two ways purchases may be substantiated in compliance with IRS requirements:

Auto-Substantiation. A daily process is run to auto-substantiate MEDSURETY Benefits Payment Card claims using the specific methods setup for the employer group. These methods include co-pay substantiation, recurring auto-substantiation, and Carrier substantiation. Examples include:

- *Copay matching:* charges that exactly match the dollar amount, for up to 5 times the dollar amount, for a copay under the employer's insurance plan. For example, a \$20, \$30, or \$40 charge at a doctor's office or 5 times those amounts.
- *Recurring claims:* charges that exactly match the provider and dollar amount for 3 previously approved and substantiated transactions. For example, a fixed monthly orthodontia payment.

Manual Substantiation. All purchases that do not qualify for auto substantiation must be manually substantiated with receipts or other documentation. Examples include:

- Doctor, dentist, and other provider visits where the amount paid is not equal to the copay.
- Prescription and over-the-counter transactions where the amount paid is not equal to the copay at a store that is not IIAS compliant.



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

All supermarkets, grocery stores, department stores, and wholesale clubs are required to implement the IAS merchant program or they cannot accept healthcare payment cards. For a regularly updated list of these stores and pharmacies, please choose the IAS Merchants link on your consumer portal and look for retailers that are certified IAS compliant.

Always Save Itemized Receipts

Employees should save their itemized receipts from every healthcare 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 upload copies of itemized healthcare payment card receipts and EOBs to the Dashboard page of the consumer portal where they will be stored electronically. **Receipts can also be attached to the expense from the mobile app using the camera on your mobile device!** Otherwise, designate an envelope or folder to store documentation in your personal files. 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) and prescription items do not need to include the person's name, but must display the name of the item (e.g. band aids).

Requests for Substantiation

If substantiation of a debit card transaction is required, employees will be notified by email or via an alert on the Consumer Portal home page. Debit card transactions that require substantiation are displayed in the Message Center on the home page under Tasks. Employees can also determine if a claim requires substantiation by logging into their online account **or mobile app** to check the status of the claim.



**Upload Receipts
using Mobile Device Camera**



In Summary

- IRS rules require that all FSA and HRA claims be substantiated.
- If the claim cannot be auto-substantiated, the employee is required to submit documentation to support the claim.
- Employees should save itemized receipts and documentation for all healthcare services—even when they paid using their MEDSURETY Benefits Payment Card.
- Using IAS compliant merchants for pharmacy and OTC purchases will significantly cut down on receipt requests.

To View IRS Publication 969 Go To:

<https://www.irs.gov/publications/p969>

<https://www.irs.gov/pub/irs-drop/rr-03-43.pdf>

