

# ADVANTAGE BENEFITS PLUS PREPAID BENEFITS CARD SUBSTANTIATION DETAILS

## 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 healthcare payment card — to be substantiated (verified that the purchase was an eligible medical expense). If the claim cannot be auto-substantiated, the employee is required to submit documentation to support the claim.

The substantiation process is performed by Advantage Benefits Plus. Please understand, we must be diligent in the execution of this process to avoid adverse tax consequences to not only you, the employee, but also your employer.

## Requests for substantiation

If substantiation of a debit card transaction is required, employees will be notified by email or an alert on the Consumer Portal home page. Debit card transactions that require substantiation are displayed through messages in both the Message Center on the home page and their account summary page. Employees may also see if a claim requires substantiation by logging into their online account or mobile app to check the status of the claim.

## Common Misconceptions about Receipt Requirements

1. *If the card is used for an eligible service, no further receipts or documentation are needed to support the expense.*
2. *Any claim at a doctor, dentist or vision provider will not require receipts.*

Since not all services from a medical, dental, vision or a non IAS 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.

## 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 canceled checks are not valid receipts per IRS rules.***



## 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 debit card claims using the specific methods setup for the employer group. These methods include co-pay substantiation and recurring auto-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 IAS compliant.