

## Debit Card Substantiation

Keep Your  
Receipts!

Your *CarePlus Benefit Access* card will definitely improve your cash flow, allowing you to pay for your medical, prescription, dental, and/or vision expense at the time of transaction, without having to file a claim and wait for reimbursement. The IRS, however, requires the card only be used for eligible expenses and that participants save original, itemized receipts for every expense transaction. If you're audited by the IRS, you will need these documents to prove the expenses were eligible.

### What Does Substantiation Mean?

To substantiate means to prove or support something; confirming it is true or valid. With the *CarePlus Benefit Access* card, substantiation means you must provide documentation, such as an Explanation of Benefits (EOB) from your insurance provider or an itemized receipt, to prove your purchases were for an eligible expense.

### IRS

The IRS has strict guidelines that require all flexible spending account (FSA) transactions – even those made with the *CarePlus Benefit Access* card – be substantiated, proving the purchase was for an eligible medical expense. (The IRS rules governing the substantiation requirements are detailed in Revenue Ruling 2003-43 and Notice 2006-69.)

### Why Does the IRS Have These Rules? Isn't This My Money?

Yes, the money you put into your FSA is your money to be used for eligible expenses. To receive this money without paying taxes, you must follow the IRS rules. The IRS says an FSA can only be used for IRS-determined eligible expenses. If you are unable to provide documentation that you used the card for an eligible expense, the IRS may consider your FSA reimbursements taxable, meaning you would be responsible for all taxes on the money contributed to your health FSA.

### Auto-Substantiation

The IRS does allow auto-substantiation for transactions that can be substantiated electronically. The *CarePlus Benefit Access* technology uses all of the IRS-approved methods (e.g., Inventory Information Approval Systems [IIAS], copayment matching, reoccurring expense matching, etc.) to auto-substantiate transactions and reduce paperwork for cardholders. Not all debit card expenses can be auto-substantiated. This is especially true for dental, chiropractic, and medical expenses that do not match exactly to your company's health or dental plans.

### What Happens if My Transaction is Not Auto-Substantiated?

For transactions that cannot be auto-substantiated, you will receive a letter or e-mail notification asking you to furnish an itemized receipt or other proof that the *CarePlus Benefit Access* card was used for an eligible expense. Some of the more common instances in which you may receive a letter include:



## What Happens if My Transaction is Not Auto-Substantiated? (continued)

- Medical expenses that do not match the copay amount of your employer's health insurance. Examples: x-rays, lab tests, medical equipment, expenses applied to your deductible, etc.
- When the employee or dependents are not covered by your employer's insurance plan.
- When the transaction is for a charge not associated with a copay amount, such as dental or vision expenses.

If, after the third follow-up letter request, documentation is not received to substantiate expenses, then IRS guidance provides that your *CarePlus Benefit Access* card must be deactivated. Your card will be reactivated upon receipt of substantiation, submission of offsetting expense, or repayment of the transaction. However, while your card is suspended, you may still submit requests for reimbursement for any expenses incurred during this time.

If a transaction is determined to be ineligible or if further documentation is required, additional notification will be sent.

SHDR offers participants the option of receiving debit card receipt requests by email or by opting in to mobile text messages. If you take advantage of this added convenience, please be aware that email requests will be sent from *CarePlus Benefit Access* card (shdr@notifications.shdr.com). Your spam filter may need to be adjusted to allow emails from this source.

## What is an Itemized Receipt?

An itemized receipt must include all of the following:

- Merchant or provider name
- Services received or item purchased
- Date of service
- Amount of the expense

An Explanation of Benefits (EOB) is an excellent source for this information. Cancelled checks, handwritten receipts, cash register receipts, or previous balance invoices cannot be used to verify an expense.

## Ineligible Items or Services

The IRS does not allow reimbursement of certain items or services. Please check the eligible/ineligible listing at [www.shdr.com/flex](http://www.shdr.com/flex) for guidance prior to purchasing. You also cannot use current plan year funds to pay for services incurred in the previous plan year.

## Overpayment Process

If the transaction was deemed ineligible or you are unable to supply the required documentation, the IRS requires the cardholder pay the money back into the benefit account. This repayment process may be accomplished by one of several methods:

- You may submit documentation for eligible expenses that have not previously been reimbursed via your FSA.
- Have merchant or provider credit the amount back directly to your FSA.
- Send repayment via a personal check in the amount of the ineligible expense to SHDR. Repayment amount will be credited back to your FSA. Checks may be mailed to: SHDR, P.O. Box 6400, Greenville, SC 29606

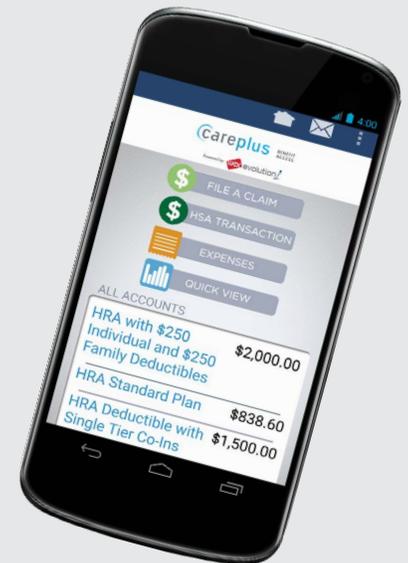
After documentation is received, eligible transactions are substantiated, or repayments have been made, the *CarePlus Benefit Access* card will be re-activated.

## The CarePlus Benefit Access App

The *CarePlus Benefit Access* app from SHDR provides time-saving features for you to:

- Check current account balances: FSA, TSA, HRA, and HSA
- View account activity and receive alerts by text message
- View FSA, TSA, HRA, and HSA transaction details
- File new claims with receipt images
- Review expense information
- Enter new expenses
- Submit health care claims and upload receipts using the mobile device's camera
- Manage expense receipts
- Promptly file claims for your reimbursement accounts

Simply download the *CarePlus Benefit Access* app for your Android or Apple device. Log in using the same password you use to access the SHDR consumer portal.



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