

Understanding your Health FSA and HRA Benefit Cards

The Internal Revenue Service (IRS) identified which merchants would be qualified to accept health FSA and HRA benefits cards. The IRS has since issued additional rules specifying where the card can be used. Health FSA and HRA benefit cards can only be used at stores that support the Inventory Information Approval System (IIAS).

Drugstores or pharmacies that don't utilize IIAS can only authorize health FSA and HRA benefit card transactions if they meet the requirements of the *90% Rule.

**The 90% Rule states that the benefits card can be used at drugstores and pharmacies that have 90% or more of gross sales from eligible healthcare items.*

What is IIAS?

IIAS is a technology that retailers use in order to identify items that are eligible under a Flexible Spending Account (FSA) or a Health Reimbursement Arrangement (HRA). Under this system scanned items are recognized as eligible or ineligible healthcare expenses at the time of purchase. This auto adjudication capability eliminates the need for paper claim substantiation.

The benefits card can also be used at mixed-use merchants, such as supermarkets, large drugstores and superstores. These are merchants who sell both healthcare eligible and ineligible items. The Internal Revenue Service passed a rule requiring these types of merchants to adopt the IIAS in order to accept benefit cards. The retailer's point of sale system identifies eligible healthcare FSA and HRA purchases by comparing the inventory control information (i.e., UPC or SKU number) for the items being purchased against a pre-established list of eligible expenses.

How does this affect me?

You will not be able to use your benefits card at a drugstore that has not adopted the IIAS.

What should I do if a store declines my health benefits card?

If your benefits card transaction is declined at the point of purchase you are still eligible to submit for reimbursement as long as the item you purchase is an IRS approved expense. Simply



fill out a claim form, available on our website, and send it back to us along with the receipt of your purchase. You can receive reimbursement via manual check or sign up for direct deposit and have your funds submitted automatically to your checking or savings account. For a list of IRS eligible expenses please visit our website at www.padmin.com.

How can I tell if a store has implemented IIAS?

Many of the "big box" merchants already utilize IIAS, such as Walmart, Walgreens and CVS, etc. Patrons of smaller local stores that do not support IIAS will not be able to use their benefits card; however, they will still be able to submit receipts and receive manual reimbursement for FSA and HRA items. For a comprehensive updated list of all participating vendors, visit www.padmin.com.

Click on Participants → FSA → Benefits Card → and select accordion number three. Scroll down to the bottom and click on the hyperlink provided.

What are advantages of the benefits card?

- Limits your double out-of-pocket exposure
- Reduces manual paperwork
- Integrates HRA and FSA plans with a one card solution

At the P&A Group we want you to experience the benefits you deserve. Questions? Please contact our customer service department at [800] 688-2611. Extended hours for your convenience are Monday-Friday 8:30AM-8:00 PM.