

# KNOW YOUR BENEFITS.

From

## Benefits Debit Cards

Benefits debit cards are a valuable asset to employees who participate in flexible spending accounts (FSAs), health savings accounts (HSAs) and health reimbursement accounts (HRAs). These cards allow participants to easily pay for health and medical expenses with the swipe of the card.

In 2009, the Internal Revenue Service (IRS) implemented changes that modified how these cards can be used. With these modifications, using the card should be a lot easier, but it is important to understand the changes.

As of Jan. 1, 2008, the use of benefits debit cards at non-health care retailers, such as grocery stores and discount stores, was limited to those retailers who use an Inventory Information Approval System (IIAS).

Since July 1, 2009, health care-related retailers such as drug stores and pharmacies also have had to implement an IIAS unless at least 90 percent of the sales are for medical care items. If a drug store or pharmacy depends on the 90 percent rule, additional substantiation requirements apply before a debit card transaction will be final.

### **What Is IIAS?**

The IIAS software is designed to only accept transactions that are allowable for FSAs and HRAs. When using the card with an IIAS system, employees do not need to show documentation or provide receipts to make the transaction valid.

### **Using the Card**

The following locations accept benefits debit cards as of July 1, 2009:

- Health care, dental and vision providers
- Retailers with the IIAS system
- Health care-related retailers that have IIAS or sell mainly medical care items

**Benefits debit cards allow you to easily pay for health and medical expenses, but special rules apply.**

To locate a participating retailer near you who supports the IIAS system, visit: [www.sig-is.org/card-holders/store-locator](http://www.sig-is.org/card-holders/store-locator).

### **Stipulations**

If participants choose to purchase health-related items that qualify under FSA and HRA plans at merchants that do not have an IIAS system in place, they may have to wait for additional substantiation before the transaction is finalized or pay for the expenses out of pocket and then file for reimbursement and send in a receipt.

### **Access to Accounts**

Effective April 1, 2013, an amendment to the Dodd-Frank Wall-Street Reform and Consumer Protection Act requires that benefits debit cards provide consumers with access to their accounts through at least two unaffiliated payment networks:

- A signature network such as MasterCard or Visa
- A PIN network not affiliated with the signature network

Cards that provide access to Health and Dependent Care FSAs, HRAs and Commuter Benefit accounts are affected by this requirement. HSAs are exempt from these new rules.

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