



## FOCUS Newsletter

November 2016



### DEADLINE TO SUBMIT 2017 FSA ENROLLMENT FILES

Plan sponsors of Flexible Spending Account (FSA) plans with debit cards must submit open enrollment files to ASIFlex by **Monday, November 28th** to ensure **timely delivery and funding of debit cards**. Please work with your ASIFlex account manager to facilitate an efficient and timely open enrollment process!



### THE ASIFLEX CARD—TOP THREE CUSTOMER QUESTIONS



The ASIFlex customer service team handles thousands of questions from plan participants. Some of the most common and frequent questions are related to use of the ASIFlex Card (debit card). This month we discuss some of the IRS guidelines and feature answers to the top three customer questions. For more information go to:

[ASIFlex.com](http://ASIFlex.com), Programs Tab, Debit Card

#### REGULATORY BACKGROUND

First, it is important to understand that the IRS has established specific guidelines that require *all card transactions* be substantiated. This means that there must be verification that the purchase was for a qualified health care expense. This substantiation process is the core of ASIFlex's role as the claims administrator. We are very diligent in the execution of the IRS substantiation process to auto-substantiate as many transactions as possible and to avoid adverse tax consequences to employees and employer-sponsored plans. Despite efforts to educate and communicate with plan participants, common misconceptions continue. This includes:

- ◆ *If the card is used, I don't have to do anything else. It's paperless!*
- ◆ *I should not have to provide back-up documentation to validate any expense if I use the card.*
- ◆ *If I use the card at a hospital, doctor's office, dental or vision care office, ASIFlex should know it's a qualifying expense and I should not have to provide back-up documentation.*
- ◆ *The process of requesting documentation is random or based on dollar thresholds.*

These misconceptions are NOT TRUE!

**Not all services provided at a hospital, physician office, dental or vision care office are eligible. Therefore, the IRS requires back-up documentation to verify the expense is eligible, that it was incurred during the period of coverage, and that it is for a qualifying individual.** For example, dental offices may perform cosmetic teeth whitening; vision care offices sell non-prescription sunglasses; physicians/hospitals perform cosmetic treatments. The electronic card transaction files received by ASIFlex do not contain this necessary information.

There are two ways that card transactions can be substantiated in compliance with IRS regulations:

1. IRS Auto-substantiation – The IRS regulations allow:
  - a. Electronic matching and approval of flat-dollar prescription or office visit copayments of the employer-sponsored group health plan,
  - b. Electronic identification and approval of recurring expenses for the same dollar amount at the same provider,
  - c. Over-the-counter (OTC) health care products purchased at a retail merchant that inventories FSA-eligible products; and,
  - d. Electronic matching of health plan claim files that report deductible and coinsurance amounts for covered employees.
2. IRS Requirements for Employee Provided Documentation – Any other purchase that does not meet or qualify under the IRS auto-substantiation process as described above must be substantiated by the plan participant. This may include amounts that are:
  - a. Not equal to a flat-dollar copayment of the employer-sponsored group health plan,
  - b. A percentage copayment (for example, prescriptions subject to a percentage payment rather than a flat-dollar copayment); and,
  - c. Any out-of-pocket amount, deductible or coinsurance amount for expenses at a hospital, lab, physician office, dental care or vision care office, etc.

*Approximately 85% of card transactions processed by ASIFlex are auto-substantiated without the need for back-up documentation from the plan participant. Results vary by employer based on plan design and other factors.*

## TOP THREE CUSTOMER QUESTIONS

So, let's review the top three questions received by the ASIFlex customer service team.

### **Question 1. I tried to use my card today and it did not work. Why not?**

*Answer: Here are the most common reasons that a card may not work.*

*Insufficient Funds - First, check your balance! If, for example, you have a \$50 balance and try to swipe the card for \$55, the card will be rejected. You can swipe the card for \$50 and pay the other \$5 with another form of payment. TIP: Check your balance online or via the mobile app.*

*Deactivated Card - Second, check your online account statement and messages! If you have a previous card transaction that requires back-up documentation your card may be temporarily deactivated as required by IRS regulations. TIP: Check your account balance statement and messages online at [asiflex.com](http://asiflex.com) or via the mobile app. Transactions that require back-up documentation will be highlighted in yellow, pink or red.*

*Invalid Merchant - Lastly, there may be a problem with the merchant terminal. The card is limited-use and is accepted at health care providers that accept VISA®. The merchant may be using a merchant code that is not a health care code. For example, some teaching hospitals use an "educational code" which would cause the card to be rejected. In this case, just use another form of payment and submit a claim online or via the mobile app.*

### **Question 2. I just received a notice that back-up documentation is needed in order to substantiate my debit card transaction. Why do I have to submit back-up documentation?**

*Answer: Although the card provides an easy way to pay, it is not paperless! IRS regulations allow only a few types of transactions to be approved electronically and without back-up documentation. This includes flat-dollar copayments under your employer plan (not a spouse plan) you enrolled in; qualifying over-the-counter (OTC) health care products; and, certain recurring expenses for the same dollar amount at the same provider.*

*All other transactions, regardless where incurred or the dollar amount, require back-up documentation. This includes deductibles, coinsurance, percentage copayments for prescriptions, hospital, doctor, dental and vision care providers.*

**TIPS:**

*Ask for an itemized statement every time you use the card. Download the Wallet Card and carry it with you to show the provider each time you use the card. This card will explain to the provider exactly what is needed. You can get the Wallet Card at [asiflex.com](http://asiflex.com), Programs Tab, Debit Card.*

*Use the card only for flat-dollar copays, recurring expenses or qualifying OTC health care products. You can submit other expense claims online, via the mobile app, toll-free fax or USPS mail.*

*If you don't like paperwork, use another form of payment and submit the claim online or via the mobile app. Just scan or snap a picture of the information and submit.*

### Question 3. What type of back-up documentation is needed?

Answer: Back-up paperwork to substantiate a debit card transaction or claim can include:

Explanation of Benefits (EOB) – This statement is available from your health plan or insurance company and shows how much was paid by the plan and how much you must pay.

Itemized Statement of Service – You are responsible for asking for an itemized statement of service each time you use the debit card or want to submit a claim. It must show:

1. **WHO:** Patient name – name of the person who incurred the service or expense
2. **WHAT:** Description of the service/supply provided (eye exam, x-ray, office visit copayment, knee surgery, prescription drug)
3. **WHERE:** Name and address of the provider of the service or supply (e.g., Dr. John Smith, ABC Laboratories, ZYZ Dental Associates)
4. **WHEN:** Date the service/supply was provided (regardless when paid or billed)
5. **HOW MUCH:** Dollar amount that you owe for the service/supply

For more information regarding use of the ASIFlex Card  
visit the educational site:  
**ASIFlex.com**  
Programs Tab, Debit Card

Please share this information with your employees who may be using the ASIFlex Card for health care expenses. Employers may also request the ASIFlex Card brochure (below) from your account manager to distribute to your employees. The brochure includes important information for plan participants using the ASIFlex Card. The brochure and a similar flyer are also available at [asiflex.com](http://asiflex.com), Programs Tab, Debit Card.

#### Create Your Online Account

If you have not done so, be sure to set up your online account! Just go to [asiflex.com](http://asiflex.com) and click on the "Online Access/Account Detail" Tab, then click "Participant/Account Detail", then "Create an Account" and follow the instructions.

You can submit claims, check your account balance, view your account balance statement, and change your settings for direct deposit, email or text alerts right from your account!

You are responsible for managing your account and reading and responding to messages sent to you.

#### Get the ASIFlex Mobile App

Once you create your online account, download the ASIFlex Mobile App. It's free and available online at [asiflex.com](http://asiflex.com), or through Google Play or the App Store.

You can check your account balance statement right from your phone or mobile device 24/7! You can also submit claims right from the doctor's office or from the pharmacy! It's fast! It's easy!

#### Other Claim Submission Options

If you do not like using the card, you have several ways to submit claims. The choice is yours and you do not have to choose just one method!

**ASIFlex Mobile App**

- Download the free app
- Snap a picture of your documentation and submit claims via the app
- Check your account balance 24/7

**ASIFlex Online - [asiflex.com](http://asiflex.com)**

- Scan your documentation and sign in to submit claims online
- View your account balance statement 24/7
- Read your messages, manage preferences

**Toll-Free Fax**

- Download a claim form from [asiflex.com](http://asiflex.com)
- Follow the instructions to complete and fax with your documentation
- Keep a copy of the claim and your fax confirmation page for your records

**USPS Mail**

- Download a claim form from [asiflex.com](http://asiflex.com)
- Follow the instructions to complete and mail with your documentation
- Keep a copy for your records.

#### The ASIFlex Card Things to Know!

ASIFlex



4000 1234 5678 9010  
6036 0000 12/15  
Benny Cardman  
ABC Company

#### Use of the Card is Not Paperless!

That's right! Use of the debit card is not paperless. In many cases, IRS regulations require you to submit back-up documentation to substantiate certain transactions. Following are some tips regarding use of the card.

#### How to Use the Card

**Co-Pays** – The card works great for flat-dollar prescription or office visit co-pays under your employer plan. Keep your prescription pharmacy receipts, and ask for an itemized receipt for office visit co-pays (be sure it says office visit co-pay). You will be asked to submit documentation for percentage co-pay and coinsurance amounts.

**Mail-Order Prescriptions** – Simply provide the card number and expiration date to the pharmacy benefit manager once, and you're set! Keep your itemized mail order statement.

**Over-the-Counter (OTC) Health Care Products** – You can purchase many OTC products using the card provided the merchant maintains an inventory system to identify FSA-eligible products. Keep the merchant itemized receipt.

**If You Have Insurance** – Ask your provider to submit to insurance first. Do not use the card at the time of service. After receiving the insurance plan Explanation of Benefits (EOB) or an itemized bill from the provider, you can use your card to pay the balance provided you do this within the plan year. Keep a copy of the EOB or provider itemized

#### statement of service as you will be asked to provide this information.

**If You Do Not Have Insurance** – Present your card for payment and ask the provider for an itemized statement of service as you will be asked to submit this information. This itemized statement must include the provider name/address, patient name, date of service, description of the service/product, and the dollar amount owed.

#### Your Responsibility When Using the Card

**Keep Documentation** – Always ask for and keep copies of all itemized statements of service (not the credit card receipt) each time you use the card. Health care providers do not automatically provide this, so it is your responsibility to ask for it. IRS regulations require you to provide this information for many expenses including hospital, lab, physician, dental and vision expenses. Use an envelope or file to store your itemized statements and EOBs. ASIFlex will notify you if this documentation is needed. If you do not provide the requested information, the IRS requires that the card be deactivated and you may have to pay the outstanding amount back to the plan.

**You Must Comply with IRS Regulations** – Use of the card is regulated by the IRS. You must use the card only for qualifying expenses, and you must submit back-up documentation when requested to do so.

**Insurance Pays First** – Do not use the card at the point of service for expenses that may be covered by insurance. Wait until you receive the insurance plan EOB and you can use the card to pay the balance at that time, provided it is within the same plan year. Otherwise, snap or scan a picture of the EOB and submit a claim via mobile app or online.

**Read Your Messages** – You are responsible for managing your account and reading and responding to messages sent to you and posted in your secure message center. Be sure to create your online account at [asiflex.com](http://asiflex.com).

#### What to Do if You Receive a Request for Documentation

1. Respond as soon as possible. Create your account and sign in at [asiflex.com](http://asiflex.com) or via the mobile app and read the secure message.
2. Just follow the instructions and provide the insurance plan EOB or an itemized statement of service. (Do not provide the credit card receipt.)
3. Submit online, via mobile app, toll-free fax or mail as soon as possible.

#### Reasons the Card May Not Work

**Insufficient Funds** – If you attempt to use the card for an amount that exceeds your available balance, the card will decline. Know Your Balance! Use the ASIFlex Mobile App or go online at [asiflex.com](http://asiflex.com) to check your balance from anywhere, anytime!

**Deactivated** – If you fail to provide documentation when requested, the card may be deactivated. Check your account balance statement to see what transactions require back-up documentation. Transactions needing back-up documentation are highlighted in yellow, pink or red on your account balance statement.

**Invalid Merchant** – The card is limited-use and accepted at health care providers that accept VISA®. It is not valid at gas stations, restaurants, department stores, etc.

**Merchant Problem** – The merchant may encounter problems with their own terminal or may be using a merchant code that is something other than health care. For example, some teaching hospitals use an educational merchant code which would cause the card to decline.

**Never Activated** – If you did not activate the card when received, it will decline.

For more information, go to [asiflex.com](http://asiflex.com), Programs Tab, Debit Card.

## ASI HOLIDAY HOURS

Wednesday, November 23rd – Hours 7 am to 5 pm CT

Thanksgiving Day – Thursday, November 24th - Closed

Friday, November 25th – Hours 7 am to 5 pm CT



About the Company: ASIFlex and ASI COBRA provide third-party benefit administration service solutions to clients nationwide. ASIFlex provides account-based administration for Flexible Spending Accounts (FSAs), Health Reimbursement Arrangements (HRAs), Health Savings Accounts (HSAs) and Parking/Transit Commuter Benefits. ASI COBRA provides COBRA and direct/retiree billing solutions. Formed in 1983, ASIFlex specializes in serving public and private sector clients nationwide and has significant experience with State, County, City and local government entities. ASI focuses on providing exemplary customer service and leveraging technology to provide improved service delivery.

**FSA | HRA | HSA | COMMUTER | COBRA | DIRECT BILLING**

**IT'S WHO WE ARE. IT'S WHAT WE DO.**

[WWW.ASIFLEX.COM](http://WWW.ASIFLEX.COM) | [WWW.ASICOBRA.COM](http://WWW.ASICOBRA.COM)

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*Address: 201 West Broadway, Bldg. 4C, Columbia, MO 65203*

