FOCUS Newsletter
June 2018

THE ASIFLEX CARD

The ASIFlex Card provides an easy way to pay for out-of-pocket health care expenses but does not negate the IRS requirement to substantiate certain transactions. When using the card, it is best that individuals follow this advice: Swipe, Ask, Go! Each time one uses the card, he/she must ask for an itemized statement from the service provider before leaving. The documentation can be tucked away in case it is needed, or simply snap a picture and store in one’s smartphone gallery!

THE ASIFLEX CARD—EMPLOYER OBLIGATIONS

REQUESTS FOR DOCUMENTATION

ASIFlex is diligent in the execution of the IRS substantiation process to auto-substantiate as many debit card transactions as possible and to avoid adverse tax consequences to employees and employer-sponsored plans. In the event documentation is needed to substantiate a card transaction, ASIFlex will email three requests to the plan participant as follows:

- Initial Notice – Sent approximately five days after ASIFlex receives notice of the card transaction
- Reminder Notice – Sent 21 days after the first request.
- Final/Deactivation Notice – Sent 21 days after the reminder notice. Card is deactivated, and future claim submissions may be offset by the outstanding amount.

These notices are also posted to the participant’s online account statement at asiflex.com and in the participant’s secure message center. In addition, the transactions requiring documentation are highlighted in the participant’s online account statement.

ASIFlex has included a Quick Guide on www.asiflex.com/debitcards that explains the timeline above, and how to submit documentation.

ACCEPTABLE DOCUMENTATION

Documentation must include the provider name/address, patient name, description of service, date the service was provided (regardless when paid or the date of the card transaction), and dollar amount. In the event that a card transaction must be substantiated, acceptable documentation includes:

- If covered by insurance: Insurance/TPA payer’s explanation of benefits statement or provider’s itemized statement.
- If not covered by insurance: Provider’s itemized statement.
- Prescriptions: Pharmacy receipt, itemized printout from pharmacy, itemized mail-order receipt.
- Over-the-Counter Drugs/Medicines: Physician prescription and merchant itemized receipt.
- Over-the-Counter Health Care Products: Merchant itemized receipt.

Participants can submit the documentation via the ASIFlex Mobile App, online at asiflex.com, by toll-free fax or USPS mail. If documentation is not provided, IRS rules require that the card be temporarily deactivated. If documentation is not provided, participants can pay the plan for the outstanding transaction amount or have future claim submissions offset by the outstanding amount.
CONSEQUENCES OF UNSUBSTANTIATED CARD TRANSACTIONS—EMPLOYER OBLIGATIONS

IRS guidelines provide specific correction procedures for plan sponsors to recoup money from health care participants for card transactions that have not been substantiated. The first step is deactivation of the card until the amount is recovered. Additional steps include:

- Requiring repayment of the amount to the plan
- Withholding the amount from the participant’s compensation (employers should check with their legal counsel regarding state law)
- Offsetting the amount with a substitute valid claim
- Employer treating the payment as any other business indebtedness by taking the same steps it would take to collect an equivalent business debt

As a last resort, the employer may forgive the indebtedness and report the amount as wages on Form W-2. Note: The IRS has cautioned that treating an improper payment (i.e., an unsubstantiated card transaction) as uncollectible should be the exception and not a routine process.

To assist employers, ASIFlex provides an “Outstanding Card Transaction” report listing participants who have outstanding card transactions. If you have questions or need assistance in obtaining this report, just contact your ASIFlex account manager.

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.

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