

Your guide for substantiation



You may have questions about the requirements for submitting receipts when the payment card is used to pay for a service. This handout provides an explanation of the receipt substantiation requirements.

IRS rules govern substantiation requirements

The IRS has established specific guidelines that require all Flexible Spending Account (FSA) and Health Reimbursement Arrangement (HRA) transactions – even those made using a payment card – to be substantiated (verified that the purchase was an eligible medical expense). The substantiation process is performed by Optum Financial. We are very diligent in the execution of the substantiation process to avoid adverse tax consequences to employees.

Common misconceptions about receipt requirements

1. If the payment card is used for an eligible service, no further receipts or documentation are needed to support the expense.
2. Any claim at a doctor, dentist or vision provider will not require receipts.

These misconceptions are not true

Since not all services from a medical provider or pharmacy are eligible medical expenses, receipts are required to verify eligibility. For example, a dentist may perform teeth whitening, which is not eligible for reimbursement.

Submitting documentation

If you receive a request to provide documentation for claims, follow these easy steps:

1. Log into your online account at OptumFinancial.com or on the mobile app.
2. Look for the flagged claims that require documentation.
3. Follow the instructions to submit your documentation via upload, fax or postal mail.

Remember: It's easiest to submit documentation on the mobile app using your smartphone's camera to take a picture of your receipt.

IIAS and auto-substantiation

Inventory Information Approval System (IIAS) is a system used by merchants that identifies eligible health care items and limits FSA and HRA payment cards to eligible items only.

- This system makes it easier for account holders to manage over-the-counter and pharmacy expenses, since the merchants automatically substantiate purchases at the point of sale.
- All supermarkets, grocery stores, department stores and wholesale clubs are required to implement the IIAS merchant program, or they cannot accept payment cards.
- To make things easier, you may also purchase eligible items with your payment card through our Optum Store and documentation is not required.

Always save itemized receipts

- Save your itemized receipts from every payment card transaction and all of the explanation of benefits (EOBs) you receive from health, pharmacy and dental plans.
- Invoices or statements that show “estimated insurance” amounts are not acceptable. Either an EOB or invoice/statement showing exactly what was paid by insurance is needed.
- An easy approach for keeping this information on hand is to always take a picture of your documentation with your phone, so your documentation is readily available if requested.

Information required on documentation

All receipts or documentation must include the following information:

1. Name of the person who incurred the service or expense
2. Name and address of the provider or merchant
3. Date service or expense was incurred
4. Detailed description of the service or expense
5. Amount charged for the service or expense

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|--|--|--|---|----------------|-----------------|---|------------|-----------|-------------|--------------------|-------|
| 2 | Acme Insurance PO Box 123, Chicago, IL 60610 | | This is your Explanation of Health Care Benefits. This statement shows how we applied your coverage to claim(s) submitted to us. If you have a question, call the customer service number shown at the bottom of this page. This is NOT a bill. | | | | | | | | |
| 1 | Patient name: Your name here Issue date: 06/10/21 | | ACME Insurance ID#: 123AD4567 | | | | | | | | |
| 3 | Dates of service | Patient Account Number Health Care Provider | Claim Number Type of Service | Amount Charged | Network Savings | Amount Paid by Health Plan | Deductible | Copayment | Coinsurance | Amount Not Covered | Notes |
| 4 | 6/19/2021 | 11223-11223344 Physician Name | | \$102.00 | \$5.00 | \$82.00 | \$0.00 | \$15.00 | \$0.00 | \$0.00 | |
| | | | Office Laboratory | \$36.00 | \$15.00 | \$21.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| | | | Office Laboratory | \$30.00 | \$20.00 | \$10.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | |
| | | Claim Total: | | \$168.00 | \$40.00 | \$113.00 | \$0.00 | \$15.00 | \$0.00 | \$0.00 | 1,2 |
| Other Insurance Paid: \$8.62 | | | | | | Your are responsible for \$15.00 5 | | | | | |
| Notes regarding the claim(s) submitted to us. 1. ACME Insurance provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims. (Z110) 2. We have settled this claim directly with your provider. (Z195) | | | | | | | | | | | |

- EOBs contain all the required information and are excellent sources of documentation.
- Credit card receipts and cancelled checks are not acceptable.
- Receipts for over-the-counter (OTC) and prescription items do not need to include the person's name but must display the item name (e.g., bandages).

Requests for receipts

If a receipt is needed, you will be notified by email or a reminder letter. You may also see if a claim requires receipts by logging into your online account. Claims needing receipts are displayed through messages in your online account.

Summary

- IRS rules require that all FSA and HRA claims be substantiated.
- If the claim cannot be auto-substantiated, the employee is required to submit documentation to support the claim.
- You should save itemized receipts and documentation for all health care services – even when you paid using your payment card.
- Using IIAS-compliant merchants for pharmacy and OTC purchases will significantly cut down on receipt requests.



Claim support

For questions concerning receipt requirements, contact Optum Financial Customer Service number on the back of your payment card. We're available 24 hours a day, seven days a week.

Substantiation processes

There are two ways purchases may be substantiated in compliance with IRS requirements:

Auto-substantiation

Substantiation may be made automatically through electronic evidence. Examples include:

- Copay matching: charges that exactly match the dollar amount, or up to five times the dollar amount, for a copay under the employer's insurance plan. For example, a \$20, \$30 or \$40 charge at a doctor's office or five times those amounts.
- Recurring claims: charges that exactly match the provider and dollar amount for a previously approved and substantiated transaction. For example, a fixed, monthly orthodontia payment.
- Real-time substantiation: charges that are verified as eligible expenses by the merchant, service provider or other third-party vendor. For example, a grocery store automatically approving qualified purchases using IIAS; or an exact match with a claims feed from the insurance plan or pharmacy benefit manager.

Manual substantiation

See the Submitting documentation section for more information on how to submit documentation.

All purchases that do not qualify for auto-substantiation must be manually substantiated with receipts or other documentation. Examples include:

- Doctor, dentist and other provider visits where the amount paid is not equal to the copay or does not match a file feed from the insurance plan or pharmacy benefit manager.
- Prescription and over-the-counter transactions where the amount paid is not equal to the copay, transactions at stores that are not IIAS compliant, and/or OTC items that require a prescription but the merchant cannot enter it at the point of sale.



Flexible spending accounts (FSAs) and Health Reimbursement Arrangements (HRAs) are administered by ConnectYourCare, LLC, a subsidiary of Optum Financial, Inc. and are subject to eligibility and restrictions. Please contact a legal or tax professional for advice on eligibility, tax treatment, and restrictions. Please contact your plan administrator with questions about enrollment or plan restrictions. This communication is not intended as legal or tax advice. Federal and state laws and regulations and the design of your plan are subject to change.