

# Addendum: Post Payment Substantiation (for TASC Card Holders)

Per your election, your FlexSystem Plan includes the TASC Card feature, which allows your Participants to access funds in their Flexible Spending Account (FSA) for eligible purchases. Rather than paying out-of-pocket and waiting to be reimbursed, Participants use the TASC Card to pay for eligible expenses at the point of purchase/service. The expenditure is deducted from the Participant's FSA balance automatically and paid directly to the authorized healthcare or dependent care provider.

Per IRS regulations, Participants should retain receipts for all card transactions. Because the Flexible Spending Account is funded with pre-tax dollars, the Participant must maintain documentation for all transactions, even for expenses incurred with the card. While many transactions will substantiate automatically at point-of-purchase—especially standard office visits, prescriptions, or copays listed in your health insurance plan—some may not.

The MyTASC website ([www.tasconline.com](http://www.tasconline.com); under View Account Overview) makes it clear when an expense must be substantiated. If so, the status will denote "Receipts Required," meaning the transaction requires your attention. To substantiate the purchase, Participants may simply attach documentation online (or download a cover sheet and fax it with the detailed documentation to TASC). Note: This Receipts Required status does not affect payment to the service provider, and payment will have been successful at time of purchase.

## Post Payment Substantiation Process

Plan compliance within IRS guidelines requires Participants to substantiate a card transaction if (a) it fails to meet IAS guidelines, (b) it does not equal the Client copay amounts, or (c) it does not equal the Participant's recurring expense amounts.

The Post Payment Substantiation process automatically emails Participants when an unsubstantiated balance requires substantiation—or if lacking proper substantiation documentation—when it must be repaid. Participants can submit substantiation for their card transaction, send in a check payment, or send in a replacement receipt (Request Substitution). A Request Substitution

is made when a Participant replaces (trades) the unsubstantiated transaction with an eligible receipt for an expenditure not previously reimbursed under any other Plan.

When a transaction requires substantiation, the status in MyTASC (click View Account Overview and view account transactions under Recent Activity) will alert the Participant, and will provide additional details under View Details.

Participants will continue to see the alerts until the unsubstantiated balance has been resolved. Meanwhile, a link in MyTASC will allow access to a summary, where a history of transactions and repayments is presented.

Clients will have access to a Summary Report; it provides the total amount of each Participant's unsubstantiated transactions, less any repayments or claim offsets applied. This Client Unsubstantiated Summary Report is available from your MyTASC account's Client Manager page.

The Post Payment Substantiation process will be active for each Plan Year until the Plan is closed. Besides receiving e-alerts, Participants will continue to see the Receipts Required display in their MyTASC account overview when an unsubstantiated balance exists.

Notifications are emailed to Participants at the time a TASC Card is used if the purchase does not meet IAS, Client copays, or a recurring expense, unless otherwise elected. (One email is sent on a daily basis for this option and will include all purchases that day that do not meet IAS, copay, or recurring expense requirements.)

Notifications are also emailed to Participants at the end of the Plan Year and at the end of the Grace Period (if the Grace Period is less than the Plan close date).

Clients may elect to temporarily inactivate a Participant's MyBenefits account if an unsubstantiated balance lingers beyond the maximum number of days (as so designated by the employer). Once the transaction has been substantiated or repaid, the MyBenefits account is automatically reactivated.

While a MyBenefits account is temporarily inactivated, claims submitted online, faxed, or mailed may be applied towards the unsubstantiated card transaction. A card's MyBenefits inactivation will not affect a Participant's access to his/her MyCash account.

### **Unsubstantiated Balance**

The Participant's total Unsubstantiated Balance calculation compares total paid unsubstantiated TASC Card transactions to the total Participant repayments and Request Substitutions. The repayments and Request Substitutions may not tie dollar-for-dollar directly to a specific card transaction. Participants with a zero Unsubstantiated Balance need take no action. If an Unsubstantiated Balance is greater than zero, the Participant will receive the automated e-mail notifications and the e-alert on his/her MyTASC home page.

### **Corrective Actions**

Participants must substantiate card transactions when the purchase does not meet the Inventory Information Approval System (IIAS) requirements, the Client copay amounts, or a recurring expense. In the event a Participant does not substantiate a transaction, the transaction is deemed to be an ineligible payment from the Plan, and these corrective actions may be taken.

1. Request that the Participant submit an eligible Request Substitution to offset the ineligible payment. The Request Substitution must be for an eligible expense under the Plan not previously reimbursed by any other Plan.
2. Request that the Participant reimburse the Plan via a check in an amount equal to the ineligible payment.
3. Withhold the improper payment from the Participant's wages or other compensation to the extent consistent with applicable law. (State wage withholding laws apply. Check your state laws to prevent any violation of your state regulations.)
4. If the above options for recouping the ineligible payment fail, the employer may adjust the Participant's Form W-2 to show the ineligible payment as taxable income.