

IRS Changes Affecting Your EBPA Benefits Card for FSA Effective July 1, 2009

As of January 1, 2008, the Internal Revenue Service (IRS) identified which merchants would be qualified to accept healthcare debit cards such as the EBPA Benefits Card. The IRS has since issued additional rules specifying where these cards can be used. **Effective July 1, 2009**, the EBPA Benefits Card will only be accepted at:

- Healthcare related merchants, such as physician and dentist offices, vision care providers, and hospitals.
- Non-healthcare related merchants, such as grocery stores, discount stores, wholesale clubs, web-based merchants (ie. drugstore.com) that use an IRS-approved Inventory Information Approval System (IIAS).
- Drug stores and retail pharmacies that have implemented an IRS-approved Inventory Information Approval System (IIAS) or satisfy the IRS' 90% rule. The 90% rule means that 90% of the store's gross receipts consist of FSA eligible healthcare expenses. Please note that the decision to comply with the IRS' requirements of the IIAS or certify for the 90% rule is made by the individual drug store or pharmacy.

In all cases, the merchant must accept MasterCard® in order for the EBPA Benefits Card to work.

Check to see if you will still be able to use your EBPA Benefits Card at your pharmacy or drug store by checking the "IIAS Merchant" link on EBPA's homepage or on your FSA login page at www.ebpabenefits.com. (The majority of major drug store/pharmacy chains and grocery chains with pharmacies have implemented the IIAS.)

What is an Inventory Information Approval System (IIAS)?

Through an Inventory Information Approval System (IIAS), all products at the merchant location have been identified as either eligible healthcare expenses or non-eligible healthcare expenses per IRC §213(d). At the point-of-sale, each item purchased is checked for the inventory code assigned by the merchant. Provided that your Benefits Card has sufficient balance available, approved transactions will be charged to your card. If you have non-approved items in the transaction, you will be asked for a second form of payment for these remaining items.

How does my EBPA Benefits Card work at merchants who have implemented an IIAS?

When you swipe your card at one of the above approved merchants, the IIAS will "approve" the items identified as healthcare related items at the point-of-sale. If you include non-eligible items (e.g., groceries) with your purchase, you will be asked to use another form of payment for those items.

What if my card is no longer accepted my drug store or pharmacy after July 1, 2009?

If your card is no longer being accepted based on the IRS regulations, you can still purchase and receive reimbursement for eligible healthcare items at these merchants. You will just need to use another form of payment and submit the itemized receipt along with a claim form to EBPA. You can mail, fax, or electronically submit your claim for reimbursement using EBPA's Secure Document Submission Portal (SDSP). A link for the SDSP can be found on our homepage or on your FSA login page.

Will I still need to save my receipts?

Yes, you should continue to save your receipts in case of an IRS audit. You may still be required to send in receipts for the amount charged to your EBPA Benefits Card.

Should you have any questions, please call our Reimbursement Account Customer Service Department at 1-888-678-3457.