

## ***Flexible Spending Substantiation Requirements***

Employers and Plan Participants with Flexible Spending Accounts (FSAs) often have many questions surrounding the requirements for submitting receipts when the NBS Debit Card is used to pay for a service. This brochure provides an explanation of the receipt substantiation requirements.

### **IRS RULES GOVERN REQUIREMENTS**

The IRS has established specific guidelines that require all FSA transactions, including those made with the NBS Debit Card, to be substantiated (verified that the purchase was an eligible medical expense).

The substantiation process is performed by NBS to avoid tax consequences to plan participants and the Plan Sponsor.

### **COMMON MISCONCEPTIONS ABOUT RECEIPT REQUIREMENTS**

1. If the NBS Debit Card is used for an eligible service, no further receipts or documentation are needed.
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 to be reimbursed under a FSA.

### **IIAS AND AUTO SUBSTANTIATION**

Inventory Information Approval System (IIAS) is a new system used by grocery stores, department stores and wholesale clubs that identifies eligible healthcare items and limits FSA healthcare 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.

### **SUBSTANTIATION PROCESSES**

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

1. ***Auto-Substantiation***. Substantiation may be made automatically through electronic evidence. Examples include:
  - [Copay matching](#)
  - [Recurring claims](#)
  - [IIAS Substantiation](#)
2. ***Manual Substantiation***. All purchases that do not qualify for auto-substantiation must be manually substantiated, with receipts or other documentation submitted for review.

### **ALWAYS SAVE YOUR RECEIPTS!**

Employees should save their itemized receipts from every NBS debit card transaction and all of the explanation of benefits (EOBs) received from their health/pharmacy/dental/vision plans.

## INFORMATION REQUIRED ON DOCUMENTATION

All receipts or documentation must include the following information:

- Name of person who incurred the service or expense
- Name and address of the provider or merchant
- Date service or expense was incurred
- Detailed description of the service or expense
- Amount charged for the service or expense

EOBs contain all the required information and are excellent sources of documentation. **Credit card receipts and cancelled checks are not acceptable!**

## REQUESTS FOR RECEIPTS

If a receipt is needed, employees will be notified by email or reminder letter within a week of the NBS Debit card swipe. Employees can also see if a claim requires receipts by logging into their online accounts at [www.NBSbenefits.com](http://www.NBSbenefits.com).

## SUBMITTING DOCUMENTATION

If employees receive requests to provide documentation for claims, they can use the following methods to submit appropriate documentation:

1. Log into their online account at [www.NBSbenefits.com](http://www.NBSbenefits.com) and submit electronically
2. Mail, Email, or Fax documentation to NBS using the substantiation letter received as a cover page.



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