

Verifying PayFlex debit card purchases

PayFlex Employer Guide

The Internal Revenue Service (IRS) guidelines requires PayFlex to verify all purchases made with a PayFlex Card are for eligible expenses. To comply with this guideline, there's a process in place to help Flexible Spending Account (FSA) members verify their PayFlex Card transactions throughout the plan year.

Adhering to this requirement not only protects PayFlex's standard business practices, it helps keep our members' and their account activity compliant with IRS rules and guidelines as well.

How does the PayFlex debit card work behind the scenes?

When members swipe their PayFlex debit card at the point of service, (the doctor's offices, pharmacies, vision centers, etc.) those transactions are tagged with Merchant Category Codes (MCC), that allow the point of sale to accept an FSA debit card.

The Merchant Category Codes go through an Inventory Information Approval System (IIAS) which identifies the FSA eligible items. Ineligible items will be identified as excluded and auto declined at point of service (the doctor's office, pharmacies, vision centers etc.). Eligible items will be processed at the point of service.

- Standardly, over 99% of prescription orders are auto substantiated or processed at the point of service (the pharmacy).
- Transactions such as coinsurance for medical claims, oral surgery, dental claims and most vision claims are declined since there's no associated copays.
- Any remaining balance that could be applied to the FSA funds would need to first be processed by the vendor in order to determine an accurate eligible balance due amount.
- Before any accurate balance due can be determined several things must be considered:
 - Is this an eligible FSA item?
 - What's the contracted provider fee?
 - Did the member meet their deductible or coinsurance limit?

What happens if PayFlex can't verify a card purchase?

If we're unable to verify a card transaction, we send the member a **request for documentation**.

- We'll send the member a letter that outlines the need for additional documentation.
- If the member doesn't respond, we'll send a 2nd letter.
- If they don't respond after that, we'll send a 3rd letter.
- If a transaction still isn't verified after 3 letter attempts, we may temporarily suspend the debit card.

Note: For emergency services PayFlex will temporarily reactivate the debit card to meet urgent needs.

What might trigger a request for documentation?

- If a member used the PayFlex Card for an expense that was "pending" with their health plan or insurance carrier. This means, the claim wasn't fully processed and is still being reviewed and considered by the health plan or insurance carrier for payment.
- The description we receive from the merchant/provider doesn't show the type of expense.
- The member used their PayFlex Card at a merchant that doesn't accept health care cards.

What type of documents can be used to verify a card purchase?

These are two options for documentation used to support an unverified card transaction:

1. **Explanation of Benefits (EOB)** tends to be the best form of documentation. If the claim goes through the members' health plan, they'll receive an EOB from them.
2. **Detailed receipt or itemized statement** that shows the following details:
 - a. Date of service
 - b. Provider or merchant name
 - c. Description of your purchase or the type of service
 - d. Final amount you had to pay
 - e. Patient or dependent name (if applicable)

Note: If a member is sending a receipt for a **prescription drug or medicine**, it must contain the pharmacy name, patient name, drug name (if listed), date drug was filled, and the amount paid.

How do members verify a card transaction?

Members have a few options when it comes to taking action on an unverified card purchase. Members can do any of the following:

- **OPTION 1: Verify their card purchase online:**
 - Log into their PayFlex member website and select **view account details**.
 - Then, they'll select the **verify card purchases** tile.
- **OPTION 2: Submit a claim for another eligible expense**
 - Claims can be submitted through the PayFlex member website, PayFlex Mobile® app, or members can complete a paper claim form and fax or mail it to us.
 - Members need to make sure the expense wasn't already paid for with their PayFlex Card. And they haven't received reimbursement for the expense.
- **OPTION 3: Pay back their account**
 - Members can simply send a personal check or money order to PayFlex for the amount of the unverified card purchase.
 - They should include a copy of their "request for documentation" letter with their payment.

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