Important Information About Your Spending Account Card

Important: Please Read

Since spending accounts are tax-free benefits, the IRS requires that all spending account card purchases are for eligible healthcare expenses. Even though every effort will be made to validate the expense on your behalf, you may be asked to submit proof that you used your card for an eligible healthcare expense—**SO PLEASE SAVE YOUR RECEIPTS!**

Using Your Card at Retail Locations

The IRS requires all non-healthcare businesses (including retail, discount, groceries, and online stores) have an Inventory Information Approval System (IIAS) to accept spending account cards.

This system allows the store to identify each item in your overall purchase and note which items are "eligible" for payment from your spending account and which items are not eligible.

Any eligible healthcare item purchased at a merchant with an IIAS will be automatically validated. To see if your favorite store has an IIAS, visit **www.sigis.com** and click "IIAS Merchant List."

See the chart below for instructions on where and how to use your card based on what is important to you.

I PREFER TO SEND IN AS FEW RECEIPTS AS POSSIBLE	I PREFER TO USE MY CARD WHENEVER POSSIBLE
If you want to minimize the number of times ADP asks for a receipt, then: • **Use your card** for copays associated with health, dental, vision or prescription coverage only for individuals covered under your employer's plan. • **Use your card** for over-the-counter items only at locations that have an IIAS in place. A list of IIAS retailers is available at **www.sigis.com*** under "IIAS Merchant List." • **Do not use your card** to pay out-of-pocket coinsurance expenses. • **Do not use your card** to pay out-of-pocket expenses at your health, dental or vision provider if you are NOT ENROLLED in your employer's respective benefit plan.	If you are comfortable with sending in receipts to validate your expenses, then: • **Use your card** for any copays associated with health, dental, vision or prescription coverage, without regard to whether the coverage is provided by your employer. • **Use your card** for over-the-counter (OTC) expenses at either IIAS retailers or eligible "90% Merchants." A list of these retailers is available at **www.sigis.com** under "90% Rule Merchant List." • **Use your card** to pay out-of-pocket coinsurance charges. • **Use your card** to pay for expenses at your health, dental or vision provider even if you are not enrolled in your employer's respective plan which covers those expenses. In most of the situations outlined above, you will be required to provide a receipt to validate that the card swipe was for an eligible expense.

*The Special Interest Group for IIAS Standards (SIGIS) was formed to produce and promote a voluntary industry standard solution to meet IRS requirements for operating an inventory information approval system (an IIAS). Walgreens is not a member of SIGIS but does have an IIAS in place.

How Purchases are Automatically Validated

ADP uses the following methods to validate card purchases on your behalf.

1. Inventory Information Approval System (IIAS)

The retailer's point of sale system identifies eligible healthcare spending account purchases by comparing the UPC or SKU number for the items being purchased, against a pre-established list of eligible medical expenses. The IRS requires an IIAS for card transactions to be accepted at non-healthcare merchants. IIAS transactions are considered fully substantiated. A list of IIAS retailers is available at **www.sigis.com**.

2. We Match Your Copay

If you participate in a health, dental, vision, or pharmacy plan offered by your employer that includes a copay, ADP will automatically validate a purchase (up to five times the highest copayment value).

3. We Work With Your Insurance Company

ADP works to develop partnerships with your employer's health, dental, vision, and pharmacy insurance carriers to match card transactions against eligible out-of-pocket expenses. If the dollar amount and date matches exactly, your purchase will be automatically validated, and you will not be asked to submit supporting documentation. However, if there is any difference between what the healthcare provider collected from you on the date of service and the actual amount the insurance company determined you should have paid out-of-pocket, the transactions will not match and you will be asked to provide a receipt.

4. We Keep Track of Recurring Expenses

If your card transaction is still unsubstantiated after going through the processes above, ADP will attempt to automatically substantiate recurring spending account card expenses that match previously-approved expenses when ALL of the following criteria have been met:

- The amount of the card transaction matches a previously approved claim.
- The provider name from the transaction exactly matches the previously approved claim.
- The type of transaction (i.e., medical, dental, vision) matches the previously approved claim.
- The "matched" substantiated claim transpires within a recurring time frame.

TYPE OF PURCHASE	MAY BE AUTOMATICALLY VALIDATED	MAY REQUIRE A RECEIPT
Up to five times copay in your employer's health plan	■	
Purchase at an IIAS participating merchant	■	
Purchase at a non-IIAS merchant		■
Purchase at a pharmacy or drug store which is abiding by the "90% rule"		■
Paying your provider from an invoice sent after the date of service		■
Paying for services not covered by your employer's health plan		■
Paying for more than five copays in one day		■
Paying your provider a "down-payment" on your total out-of-pocket expense		■
Paying your provider on the date of service for services covered by your employer's health plan when the out-of-pocket expense provided by your carrier is an exact match	■	
Using your card to pay for services for your dependents who are not covered under your employer's health plan		■ (Except at an IIAS merchant)

Frequently asked questions

What if I don't have a receipt?

You have two options:
- Submit receipts for eligible purchases (that have not been previously submitted) made with some form of payment other than your spending account card, or you may need to incur an eligible expense. For a list of eligible expenses, visit the website listed on the back of your card.
- Send ADP a check for the item that cannot be validated.

What if I don't submit my receipts?

If you do not respond to our requests for receipts, your spending account card may be suspended until you do so.

What if I have questions?

If you have any questions or need account information, visit the website listed on the back of your card or contact our customer service representatives Monday - Friday, 8 a.m. to 8 p.m. (ET).

Validation is not automatic upon use of the card. SAVE YOUR RECEIPTS!

The use of the spending account card provides you with immediate access to your healthcare spending account funds but does not guarantee that ADP can validate that the expense was for eligible healthcare item(s) without your help. **Because the IRS requires that each expense be validated, it is important that you only spend your funds on eligible items, and keep all receipts.**

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