



## IMPORTANT INFORMATION FOR FSA DEBIT CARD USERS

The IRS has mandated that non-healthcare related merchants (such as drugstores, discount stores, department stores, and grocery stores) must implement an Inventory Information Approval System (IIAS) effective January 1<sup>st</sup>, 2008.

IIAS is a system used by a retailer at the point of sale to separate eligible medical FSA and HRA expenses from ineligible ones. The system identifies eligible purchases by comparing the product's inventory control information – UPC or SKU numbers – against a list of eligible items that have been approved by the IRS.

What does this mean for the cardholder? Simply put, substantiation of your purchase will take place at the time that you swipe your card. If you are purchasing any ineligible items, the merchant will ask you for a second form of payment for those items. Only the expenses for eligible items will be applied to your debit card. See the example below for clarification:

John Smith goes to the local drugstore to pick up his prescription. While there, he also picks up a bottle of aspirin, a package of bandages, and a magazine. When John gets to the register, he presents his FSA debit card for payment. Because he is at an IIAS merchant, the system recognizes that the magazine and aspirin are not eligible expenses. The merchant is notified that the prescription and bandages can be paid for with the FSA debit card, and John is asked for a second form of payment to purchase the magazine and aspirin. The FSA debit card transaction is automatically approved, and John does not have to submit documentation for this purchase.

To view the most current list of IIAS certified retailers, please visit [www.sigis.org/en/resources/publications.asp](http://www.sigis.org/en/resources/publications.asp) and select SIGIS Merchant List for the list of choices. This website is also an excellent source of information on IIAS. Below is a partial list of the more common retailers seen by OutsourceOne participants:

Albertson's	Costco	Cub Foods
CVS Pharmacy	Drugstore.com	Fred Meyer
Kmart	Kroeger	Long's Drugs
Sam's Club	ShopKo	Target
Wal-Mart	Walgreen's	

### Who may I call if I have further questions?

OutsourceOne Flexible Spending can be reached at 1-877-491-5979 or [flex@outsourceone.com](mailto:flex@outsourceone.com).