



Innovative Business Consultants

Frequently Asked Question about Substantiation

Substantiation Terminology

Substantiation:

Supporting documentation (receipt) or data that confirms an expense/claim is eligible.

Adjudicate:

An official decision on whether an expense/claim is eligible.

Debit Card Auto Substantiation:

The ability to electronically verify the eligibility of card transactions.

Pending Auto Substantiation:

The system is waiting to see if the debit card transaction can be auto-substantiated.

Auto File/Auto Pay:

The ability to electronically verify the eligibility of claims submitted as eligible expenses. Substantiation is generally provided by carrier data, so a separate receipt is not needed and they don't require manual adjudication.

Substantiation Required:

The need to provide proof the service is eligible. (i.e. receipt image, carrier data) After proof is provided, the claim will need to be adjudicated.

Receipt Required:

The claim requires substantiation before it can be adjudicated.

Receipt Not Needed:

Does not require substantiation or manual adjudication within WEX.

Substantiation FAQ

1. What is substantiation?

Substantiation is the supporting documentation or data that confirms an expense or claim is eligible to be paid. The IRS requires that 100% of card transactions be substantiated. To stay in compliance with IRS regulations purchases must be either auto-substantiated or manually substantiated.

Roughly 85-95% of card transactions are auto-substantiated within the Innovative Business Consultants system and no further action is required. A small percentage of claims may not be auto-substantiated using WEX Health's methods and the cardholder may receive a letter or email requesting a receipt to verify the expense.

Inventory Information Approval Systems (IIAS) are a Federal Government mandated system used by merchants that identify eligible prescription and over the counter items and limit FSA and HRA healthcare services to only those eligible items. This system makes it easier for account holders to manage eligible over-the-counter and pharmacy expenses because merchants automatically substantiate purchases at the point of sale.

All pharmacies, grocery stores, department stores, and wholesale clubs are required to implement the IIAS merchant program or they cannot accept healthcare payment cards. Merchants can register as a 90% merchant, if 90% of the items they sell are FSA eligible. The debit card will work at a 90% merchant, but receipts will be requested to substantiate the purchase.

Recurring expenses can also be auto-substantiated. IRS regulations mandate the initial debit card transaction must be substantiated, but ongoing transactions can be auto substantiated.

Innovative Business Consultants Payment Card transactions are auto substantiated by matching previously substantiated claims based on consumer, Merchant Category Codes (MCC) and claim amount. Innovative Business Consultants **system** communicates the expiration date of the recurring auto substantiation, along with other claim information, to the debit card vendor. Once the expiration date is reached, debit card transactions meeting the criteria are no longer eligible for recurring substantiation and will be declined.

2. What are the IRS Claim Documentation Requirements?

The IRS requires the following information for substantiation:

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

Examples of acceptable documentation:

- EOB (explanation of benefits)
- Detailed, Itemized receipts
- Detailed Invoices

Examples of unacceptable documentation:

- Provider statement that only indicate the amount paid, balance forward or previous balance
- Credit card receipt
- Missing or vague medical practitioner's note
- Bills for prepaid medical expenses where services have not yet occurred

Receipts for over-the-counter (OTC) and prescription items do not need to include the consumer's name, but must display the name of the item (e.g. Band Aids). Some over-the-counter items may require a prescription from your doctor, indicating it is medically necessary.

3. What is the Innovative Business Consultants process for requesting substantiation?

- Innovative Business Consultants Administrator sends cardholder a letter/email requesting documentation.
- Cardholder\consumer sends receipt, which Administrator reviews and manually substantiates (if appropriate).
- If transaction is ineligible or if documentation is not sent after second request, Administrator may suspend the card and request refund of overpayment from cardholder.
- Card may be reinstated when receipts are received or overpayment is returned to account.

Exceptions: Other health insurance does not include coverage for the following: accidents, dental care, disability, long-term care, and vision care. Workers' compensation, specified disease, and fixed indemnity coverage is permitted.

4. How can I submit my documentation to Innovative Business Consultants?

- Innovative Business Consultants Mobile App - Take a picture of your receipt with your phone camera and upload directly to claim
- Innovative Business Consultants Consumer Portal - Upload saved copies of itemized receipts, invoices or EOBs directly to claim
- Fax - Include copy of receipt reminder with copy of itemized receipts, invoices or EOBs
- Mail - Include copy of receipt reminder with copy of itemized receipts, invoices or EOBs

5. What is the Innovative Buissnes Consultants receipt reminder process?

- **Day 1:** Debit Card Transaction processed
 - Auto-Substantiation applied (IIAS, Co-pay matching or Recurring expense logic)
 - If auto-substantiated, no further action needed from consumer
 - If not auto-substantiated, the 1st Receipt Reminder will be sent to consumer
- **15th of the month:** 1st Reminder sent to consumer
- **30 days later :** 2nd Reminder sent to consumer
- **30 days later :** 3rd Reminder sent to consumer
- **30 days later :** Your debit card may suspend

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If you have any further questions about substantiation, please contact us at 712-277-2424 or email support@ibcins.biz