Q: Do I need to save my receipts to verify my debit card purchases?
A: Yes. For some expenses, CIGNA may need more information, such as a printed receipt, to confirm that your purchase was eligible and complied with IRS rules. This process is called substantiation. It’s very important for you to save your receipts, and fax or mail them right away if CIGNA requests them.

There are three parts to the substantiation process:

1. You agree that the expenses haven’t already been reimbursed, and that you won’t try to get reimbursement from another health plan or health account. This acknowledgement statement is found on the back of your debit card. By signing and using your card, you’re confirming that the purchases you make are eligible.

2. Claims must be substantiated – or proven – at the point of purchase or by a third party, like your employer or an administrator, like CIGNA.

3. When asked, you should be able to prove that everything you bought with your Flexible Spending Account (FSA) debit card is eligible by providing a printed receipt with the description, amount and date of the purchase.

The IRS created these rules to make sure that health care accounts act just like traditional health or accident insurance, and pay only for eligible health care claims. Important: If you aren’t able to prove that you’ve used your health account only for eligible expenses, the IRS may consider your other health account reimbursements as taxable, whether or not you provide proof of eligibility.

Q: Do all FSA debit card purchases have to be substantiated?
A: Yes. Because health accounts use pre-tax money, all FSA debit card transactions must be substantiated to confirm that the items you buy are eligible to be paid for from the account. Some debit card transactions can be verified electronically at the point of purchase, but others require that you submit written documentation to support your purchases.

Q: Isn’t the debit card process supposed to be paperless?
A: No. While most transactions can be verified electronically, the debit card system itself is not paperless. The IRS requires that you keep a printed receipt for every FSA debit card purchase you make. Depending on how your plan verifies purchases electronically, and the products or services you buy with your debit card, CIGNA may ask you for printed receipts to help with the substantiation process.

If CIGNA asks you for proof of your debit card purchase, it means it’s not clear whether your purchase was eligible for reimbursement and CIGNA needs the information to satisfy the IRS requirements.

Q: What are some examples of times when I may need to provide a printed receipt?
A: Some examples of transactions that may require a printed receipt for substantiation are:

- If you pay your doctor at the time of your visit based on an estimated cost for a service or procedure, but then you’re later billed for a different amount.

  For example, Tom goes to the doctor with an ear infection. He pays his doctor $30, anticipating the amount he’ll owe for the office visit. When he receives his explanation of benefits (EOB), the amount he actually owed was $25. The amount he owed and the amount he paid do not match so the transaction cannot be substantiated. CIGNA sends Tom a letter requesting supporting documentation. Tom sends the itemized statement from the doctor’s visit, along with the letter he received from CIGNA. The payment is substantiated.

- If you purchase something for you, your spouse or your children that is not covered by a CIGNA plan.

  For example, Tom’s son twists his ankle at a soccer match. He can walk and doesn’t go to the doctor, but Tom wants to make sure the ankle is supported for a few days. Tom goes to the pharmacy and buys an ankle brace and some ice packs – which are considered 213(d) eligible items. Tom pays with his FSA debit card. Because these items are not covered by the medical plan and because there’s no record of a doctor’s visit, Tom receives a letter from CIGNA asking for documentation of the purchases. Tom sends the receipt, along with the letter from CIGNA. The payment is substantiated.
Q: How will CIGNA let me know if I need to provide a printed receipt?
A: CIGNA will mail you a letter with instructions for submitting copies of your receipts and a date by which you'll need to reply. If you don't respond to that first letter, CIGNA will send you up to two reminders.

Q: What happens if I don't submit a printed receipt?
A: If CIGNA doesn't hear back from you after the third and final request for documentation, your card will be temporarily deactivated and you'll receive a notice telling you that your card has been suspended.

Once your card has been suspended, you won't be able to use your FSA debit card for purchases. However, if you need to purchase items during this suspension period, you can still submit a paper reimbursement request form. Unsubstantiated debit card purchase amounts may be deducted from future paper reimbursement requests in order to reactivate the debit card.

You'll also receive a letter asking you to send a check in the amount of the transactions in question to reimburse your account. If you then send in the necessary documentation to prove eligibility, or send a check to CIGNA in the correct amount for the purchases in question, your card will be reactivated and available for use.

Q: Why won't my FSA debit card work at my local pharmacy?
A: IRS rules state that health account debit cards may not be used at retail outlets like pharmacies, department stores and warehouse clubs, unless the merchant retailer has a type of inventory control system called an Inventory Information Approval System (IIAS). If your local pharmacy hasn't installed IIAS technology, then they can't accept your health account debit card and your purchase will be denied. However, you can still submit a paper reimbursement request form.

Q: What's an Inventory Information Approval System (IIAS)?
A: It's a technology used by retailers at the cash register that accepts health account debit cards and verifies that your purchases are eligible. It must be able to do the following:

- Identify eligible purchases by matching the unique code number on the item with a pre-established list of eligible items. Note: The list of eligible items is not pre-defined by the IRS in all cases.

- Keep a separate total for the eligible items.

- Charge your debit card only for the eligible items and request another form of payment for any remaining items.

CIGNA won't ask you for printed receipts for items you bought at a retailer with IIAS, because the retailer's IIAS has already substantiated the items at the time of purchase. You should still keep your receipts, however, in case you need them for tax purchases.

Q: I heard something about a 90% rule. What's that?
A: If a retailer can't install IIAS, and 90% or more of its sales are items that qualify for reimbursement for a health account, that retailer is exempt from the IIAS rule. This is an IRS exemption for IIAS technology that allows the retailer to accept a health care debit card.

Purchases from these retailers must still be substantiated. You'll receive documentation request letters asking you to send in copies of your receipts. Please respond to these requests as quickly as possible to ensure that you may continue to use your card.

Q: How do I know if a retailer has been approved for IIAS or if it's exempt?
A: Visit http://www.sig-is.org/en/index.asp and click "IIAS Merchants List" or "90% Rule Merchants" to check if a particular merchant is IIAS compliant or has received approval under the IRS 90% exemption rule. This website is run by SIGIS, the company that handles the IIAS approval process for the IRS.

Q: Does my pharmacy need to have IIAS technology in place or an exemption under the 90% rule?
A: No. The IRS doesn't require retailers to have IIAS technology or be approved for an exemption. If a retailer doesn't adopt IIAS or get an exemption under the 90% rule, it just won't be able to accept or process your FSA debit card.

Q: What should I do if I buy something that I think will need to be manually substantiated?
A: If you know in advance that you bought something that will need to be substantiated, you don't need to wait to get a letter from CIGNA asking for your receipt. You can send your printed receipt using a Debit Card Validation Form, which can be found at www.myCIGNA.com. You can also get the form by calling Customer Service at the toll-free number on the back of your CIGNA ID card or your debit card. If you don't have an ID card, call 1.800.CIGNA24.