Fidelity INVESTMENTS

Substantiation requirements



The IRS requires that all health care flexible spending account (HCFSA) and health reimbursement arrangement (HRA) expenses be substantiated, including those paid with a health care debit card, to verify that the purchase was a qualified medical expense.

For plan sponsors, this is a compliance requirement, not an optional practice. Plans must have processes in place to substantiate claims and to address expenses that cannot be substantiated.

Common misconceptions about receipt requirements

1. A common misconception is if the debit card is used for a specific service, then no further receipts or documentation are needed to support the expense.
2. Some employees believe that a receipt is not required for a service provided by a doctor, dentist, or vision provider.

These assumptions are incorrect. Certain services such as cosmetic procedures (e.g., teeth whitening) are not eligible for reimbursement, even when provided by a licensed medical or dental professional. Itemized receipts or explanation of benefits (EOBs) are needed to verify that the service is an eligible expense.

Inventory information approval system (IIAS) and auto substantiation

IIAS is a federally mandated system used by participating merchants (such as pharmacies) to identify which items are eligible at the point of sale—eliminating the need for manual substantiation at those locations. All supermarkets, grocery stores, department stores, and wholesale clubs must be IIAS-certified to accept health care debit cards.

How substantiation works

Purchases can be substantiated through 1 of 2 methods:

Auto substantiation – A daily process that automatically clears eligible transactions using:

- Copay matching: Charges that exactly match (or are a multiple of up to 5x) a copay amount under the employer's health plan are substantiated.
- Recurring claims: Once a transaction is manually substantiated, future transactions for the same amount and service type auto substantiate for 1 year.
- Carrier substantiation: The system cross-references carrier claim files for up to 60 days; if no match is found, the transaction moves to receipt-required status.

Manual substantiation – Required for any transaction that doesn't qualify for auto substantiation, including provider visits where the amount doesn't match a copay and non-IIAS store purchases

Required documentation

All receipts or documentation must include:

- Patient name
- Provider or merchant name and address
- Date of service
- Description of the service or item
- Amount charged

Receipts for card transactions and canceled checks are not acceptable.

Receipts for over-the-counter and prescription items do not need to include the patient's name but must show the name of the item purchased (e.g., Band-Aids).

Itemized receipts

Employees should save their itemized receipt for every debit card transaction, as well as the EOBs they receive from their medical, dental, vision, and prescription plans.

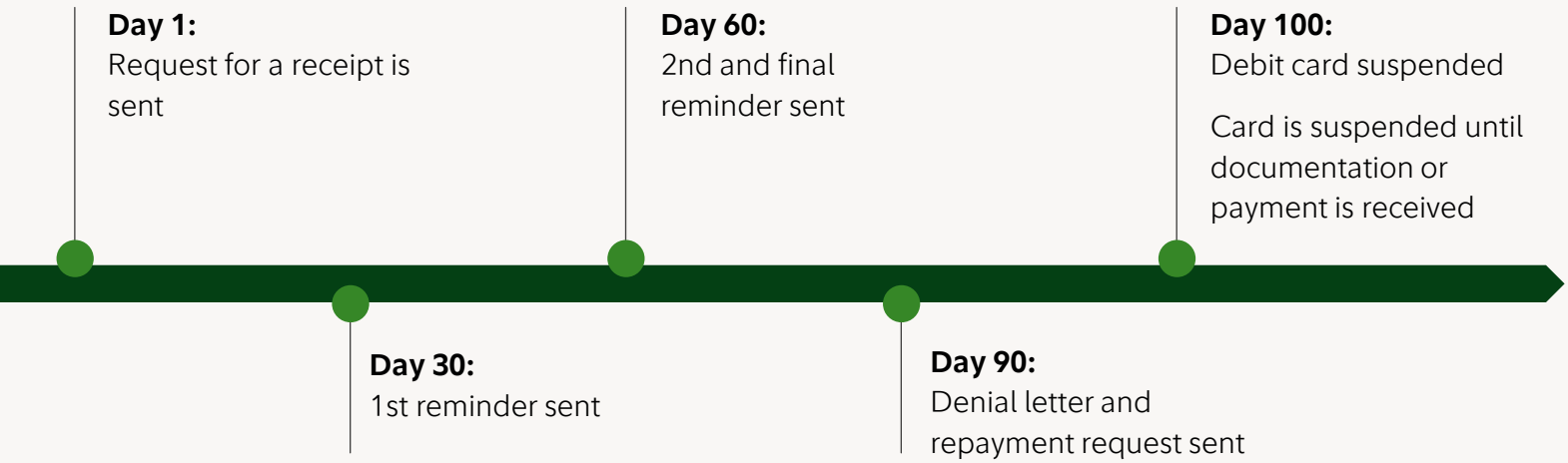
Requests for substantiation

If substantiation of a debit card transaction is required, employees will be notified by email or through an alert on the Flexible Spending and Reimbursement Accounts page on NetBenefits®.

They must submit the required receipts in a timely manner, or their HCFSA/HRA debit card balance may be suspended until documentation is received. If an item purchased is not an eligible expense, the HCFSA/HRA balanced on the debit card may be suspended until the employee repays the amount.

Timeline for substantiating health care debit card transactions

The timeline below shows when a participant may be asked to provide receipts to substantiate a debit card expense; if a transaction is auto substantiated, no further action is required.



Documentation can be submitted online via app, fax, or mail.

Dates depend on card settlement and will shift accordingly.

In summary

- IRS rules require that all HCFSA and HRA claim expenses be substantiated.
- If a claim cannot be auto-substantiated, the employee must submit documentation to support the claim.
- Employees should save itemized receipts and other documentation for all health care expenses—even when using their health care debit card.

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