



Benefit Extras, Inc.

Commonly Asked Questions Regarding The Benny™ Card – Employer Information

Note: This document describes various types of medical expenses the Benny™ Card can be used for, i.e., co-pays, deductibles, RX, vision, dental, etc. Benefit Extras does not currently allow the use of the Benny™ Card for dependent care expenses or certain types of HRA plans. For questions please contact our office at 952.435.6858 or toll-free at 866.435.6858.

What is the Benny™ Card?

The Benny™ Card is a prepaid debit card that can contain the value of an employee's annual health care flexible spending account (FSA) election and/or employer funds under an HRA plan (only certain HRA plan designs will permit debit card use). A participating employee can then use the card to pay for eligible expenses at the time a service or item is purchased simply by swiping the card with the payment taken directly from their account(s).

Where can an employee use the card?

The categories of merchants where the Benny™ card can be used include:

- Physicians, dentists, vision care offices, hospitals, and other medical care providers (as identified by a Merchant Category Code (MCC))
- Stores with the "drug stores and pharmacies" MCC that, on a location-by-location basis, meet the 90% gross receipts test (meaning 90% of the store's gross receipts during the prior taxable year consisted of items that qualify as Code 213(d) medical expenses),
- Stores that have implemented an Inventory Information Approval System (IIAS)

How does Benefit Extras substantiate the expenses paid for with the debit card?

IRS regulations have always required that expenses paid out of the pre-tax accounts be substantiated to verify that they are eligible. This regulation has not changed with the addition of debit card technology. IRS guidance regarding debit cards allows certain claims processed through card transactions to be auto-adjudicated – in other words they do not require further substantiation once the transaction is approved at the time the card is swiped. Claims that are eligible for auto-adjudication can include:

- Co-payment matching: If the dollar amount of a card transaction at a merchant with a health care-related MCC equals an exact multiple of not more than five times the dollar amount of the co-payment for the specific service (i.e., a prescription drug copayment) under the health plan of the employer covering the participant, then the charge is fully substantiated without the need for submission of a receipt or further review.

- Recurring expenses: A recurring claim at a medical care provider or qualifying pharmacy that is the same as a previously approved claim including amount, medical care provider and time period (i.e. for prescription drugs filled on a regular basis at the same provider for the same amount) will not require additional substantiation.
- Carrier File Feed (if available): Group health, dental or vision claim feeds provided by an insurance carrier can be submitted through the debit card system to match transaction amounts and auto-substantiate eligible expenses that have been processed. Not available for all employers.
- IIAS (Inventory Information Approval System): Certain merchants have implemented an Inventory Information Approval System (IIAS) that ensures the cards are only used for eligible medical care expenses. Such card transactions require no additional substantiation.

While employees can use their debit card at retailers with the “drug stores and pharmacies” MCC, that on a location-by-location basis, meet a 90% gross receipt test (meaning 90% of the store’s gross receipts during the prior taxable year consisted of items that qualify as Code 213(d) medical expenses), they will be required to provide additional documentation substantiating the expense was an eligible medical care expense.

To assist employees with locating participating merchants, lists for both IIAS retailers and 90% Rule Merchants are available under “Resources” at www.benefitextras.com.

How will an employee know if they need to submit additional documentation?

If additional documentation is required to substantiate the transaction, the employee will receive a request from Benefit Extras either via the mail or by email. The notification will be sent to the employee shortly after the debit card transaction is confirmed on the account (usually within 24-48 business hours). The request will outline the date of the transaction (not necessarily the date of service), the name of the provider and the amount of the transaction. A second notice will be sent if no response is received within 30 days of the original request.

What happens if an employee does not submit substantiation when it is requested?

Per the IRS guidelines, if substantiation is not submitted after the second request, the debit card transaction is considered an improper payment from the account. The debit card must be suspended from further use until the substantiation has been received (indicating the expense is eligible) or the amount of an ineligible expense has been paid back into their account (which can then be used for future eligible expenses). Once the matter has been resolved, the debit card use will be reactivated.

How are unsubstantiated or ineligible expenses treated?

According to the IRS guidelines, debit card improper payments are transactions which are not substantiated by the participant when required (as in the case an expense that cannot be auto-substantiated) or transactions where funds are used for ineligible expenses.

If an employee does not respond to our receipt requests or submits documentation which shows that the expense is ineligible, a letter is sent to the employee outlining the process for treatment of improper payments. The five steps required to be followed (in order) for improper payments are:

- Deny access to the card: The debit card must be suspended from future use until the matter of the improper payment has been resolved.
- Request repayment: The letter will request the improper payment amount be refunded to the participant’s account.

- Withhold from pay. The expense can be withheld from the employee's pay check. (Some state laws may require the employee authorize the withheld amount.)
- Offset: Future claims can be applied toward the improper payment until the ineligible amount has been offset.
- Treat payment as other business indebtedness: If the previous steps are unsuccessful, the employee remains indebted to the employer for the amount of the improper payment. The employer may then take the same steps it would take to collect any other business debt.

How are the debit card transactions funded?

An employer that chooses to utilize the debit card will be required to fund the transactions as they occur at the point of sale. This will require the employer to set up a "pre-funded" collateral account with Bancorp Bank which is the bank associated with the debit card vendor (Evolution Benefits). This bank account is a separate from the reimbursement bank account Benefit Extras requires for manual claims processing.

The percentage of the pre-funded collateral amount required depends upon the replenishment option chosen and the total plan year elections. The options are:

- Daily ACH Debit, initiated by Bank~ 3% of total elections (recommended)
- Weekly ACH Debit, initiated by Bank~ 5% of total elections
- Weekly ACH Credit, initiated by Client~ 7% of total elections
- Weekly Wire, initiated by Client ~6% of total elections

In the event that the calculated funding amount (based on the annual elections) for the chosen replenishment option is less than \$2,500, the funding amount will be \$100 per participant; however the client must agree to use the Daily ACH Debit replenishment option.

What fees will an employer pay to offer the debit card?

Benefit Extras is offering the card to employers as a pass through cost. The fee for the card is \$1.00 per employee per month.

How many debit cards will an employee receive?

Each employee will receive two debit cards, issued in their name and sent to their home address. For a spouse or eligible dependent to use the card, they need only to sign the back of it. If an employee requires additional cards, they can order them by contacting Benefit Extras flex department at 952.435.6858; toll-free 866.435.6858 or via email at flex@benefitextras.com. There is a fee of \$10 for additional or replacement cards. This fee will be deducted directly from the employee's account. To activate the cards, an employee must call 866.898.9795 as instructed on the front of the card.

What are some of the reasons an employee's transaction may be declined?

As with any electronic payment method, point of sale transactions can be declined for several reasons. The most common are:

- Insufficient funds: If the merchant attempts to run a transaction for an amount over the available balance on the card, they will receive this type of decline. Therefore it is especially important that employees know their exact balance when they are using the last of their funds. The merchant may run an amount up to the remaining balance on the card and the employee must use an alternate method of payment for any unpaid amount.
- Invalid CVV or CVV2: The 3 digit number on the back of the card is there to provide an additional level of fraud protection to the account. If the number is entered incorrectly, the transaction will receive this type of decline. Re-entry of the number should correct the situation.

- **The Account Is Not Active:** If an employee has failed to activate their card prior to attempting to use it, the transaction will receive this type of decline. The employee will need to call 866.898.9795 to activate their card. This same message will appear if the card has been suspended or the account terminated. If an employee's card has been declined for this reason and the employee is not sure why, they can contact the Benefit Extras' flex department at 952.435.6858 (toll free 866.435.6858) or email flex@benefitextras.com.
- **Merchant Not In Network:** If the merchant trying to run the transaction is not a valid merchant to accept a health debit card, the transaction will receive this type of decline. A list of IIAS Merchants or 90% Rule Merchants can be found at www.benefitextras.com. This is not a decline employees should expect at a health care provider type of business (ex. doctor's office, hospital, urgent care, etc.)
- **Could Not Match the Expiration Date:** If the merchant enters an incorrect expiration date when processing the transaction, the transaction will receive this type of decline. Re-entry of the correct information should resolve the situation.
- **System Malfunction or Transaction Timed Out:** If there is a delayed electronic transmission or loss of connectivity within the debit card/merchant/Visa system during the transaction, the transaction will receive this type of decline. The merchant may try to run the transaction again to correct the situation.

How can an employee find out if they have sufficient funds to cover the expense?

Employees can view their account information, including their balance, by visiting www.benefitextras.com or www.mybenny.com. Account information is also available by calling Benefit Extras flex department at 952.435.6858 (toll free at 866.435.6858) or emailing flex@benefitextras.com.

What should an employee do if the store or provider doesn't accept VISA?

In the event that a provider or retailer does not accept VISA cards, the employee will need to arrange for a different payment method and submit the expense as a manual claim to Benefit Extras. All manual claims must be received prior to the claims submission deadline. The claims submission deadline, or the run out period as it is often referred to, is the 90 days following the end of the plan year (or 90 days following the employee's termination of employment, if earlier).

What should an employee do if they receive a bill for a prior plan year expense?

If the plan year specific to the plan the employee is enrolled in has ended before they receive an invoice from their provider or, the employee incurs an expense during the grace period that they want reimbursed out of their prior year election, they should **NOT** use the debit card to pay for the expense. Those claims should be filed as manual claims prior to the claims submission deadline.

What should an employee do if they accidentally charge an ineligible or prior year expense on their card?

If an ineligible transaction is charged to the card, employees should immediately contact Benefit Extras' flex department at 952.435.6858 (toll free 866.435.6858).

What should an employee do if fraudulent charges have been made on their card?

If an employee thinks there may be activity on their account that is fraudulent, they will need to complete an Activity Dispute Form. They can obtain this form by logging into their account at www.mybenny.com or by requesting it from Benefit Extras' flex department at 952.435.6858 (toll free 866.435.6858). Employees should be instructed to review their account often to make sure there are no fraudulent charges on their account.

What should an employee do if their card is lost or stolen?

If an employee's card is lost or stolen, they should notify Benefit Extras' flex department immediately so the card can be deactivated. Two new additional cards can be issued for a fee of \$10. This fee will be deducted directly from their account.

How has the federal health care reform affected the use of debit cards?

Beginning January 15, 2011 over-the-counter drugs and medications (except insulin) will require a doctor's written prescription in order to qualify as an eligible expense for reimbursement from tax-favored accounts. These items will have to be paid for out-of-pocket at the point of sale and reimbursement will need to be requested via manual claims prior to the claim submission deadline. Over-the-counter supplies, such as band aids and saline solution can still be purchased with the debit card.

When does the debit card expire?

As with any debit card, there is an expiration date listed on the card. Employees should be instructed not to discard the card at the end of the plan year as future plan year elections can be loaded onto their existing card.