



## Changes in Legislation Affect FSA Card Usage at Pharmacies



The IRS revised health care debit card guidance that goes into effect July 1, 2009, will affect FSA payment card usage. This revision requires pharmacies and drug stores that sell general merchandise along with health care items to have an inventory information approval system (IIAS) in place to accept health flexible spending account (FSA) cards. This system determines FSA eligibility at the point of sale.

According to IRS guidelines, FSA cards can no longer be accepted at pharmacies and drug stores that do not have an inventory approval system in place by July 1, 2009. The participant would need to use a form of payment other than his or her FSA card and submit the documentation for review and possible reimbursement.

Remember that when the card is used at health care facilities, the transactions may not need a receipt submitted. If the transaction total matches a copayment amount or is a multiple of a copayment amount, eligibility is verified at the point of sale. In every other case, a receipt must be submitted by the participant to validate the expense even if the transaction is accepted at the point of sale.

Mangrove **will** allow the card to be used at 90% merchants meaning that the impact to the participant will be minimal. If a participant is using the card at a pharmacy that is **NOT IIAS** compliant, they will be denied at point of swipe. This will take effect 7/1/2009, please be advised. *Please see attached listing of eligible merchants.*

Please contact our offices at 1-888-862-6272 or your account manager directly if you have any questions. Thank you.

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