

Effective January 1, 2008, The Internal Revenue Service (IRS) will allow for instant approval of over-the-counter debit card purchases, using a new Inventory Information Approval System (IIAS).

Q. What is the Inventory Information Approval System (IIAS)?

A. IIAS is a point-of-sale technology allowing for instant approval of debit card transactions from your Health Care Flexible Spending Account (FSA). IIAS automatically processes over-the-counter items, including aspirin and band aids, and prescriptions purchased with your debit card. In stores where an IIAS is used, you will not be required to submit additional documentation, in most cases. This new technology will make using your FSA easier than ever before.

Q. Will all stores have the IIAS technology?

A. No. Merchants must have an IIAS in order to accept debit card transactions for your FSA Account. But not all vendors have chosen to participate and smaller merchants may not have this technology. **As a result, your debit card will no longer be accepted at those locations.**

For a complete list of merchants who have adopted the IIAS, please visit our website at www.benstrat.com.

Q. When will the IIAS technology be available in stores?

A. Non-pharmacy merchants (e.g. grocery stores, wholesale discounters and online pharmacies) are implementing this new system effective January 1, 2008. Pharmacies and drug stores have until January 1, 2009 to implement IIAS technology. However, CVS has announced that all its stores will introduce the IIAS functionality on or before January 1, 2008.

Q. Can I still be reimbursed for items even if my debit card is not accepted by IIAS?

A. As long as the items you are purchasing are approved expenses by the IRS, and purchased within the Plan Year, you are eligible for a reimbursement through your FSA Account. However, you will need to submit a claim for reimbursement using the Health Care Claim Form, available online at www.benstrat.com. Please fax the form with copies of your receipts to: 401-457-7266 or mail it to: Benefit Strategies, LLC, PO Box 3910, Manchester, NH 03105-3910.

You may continue to use your debit card at pharmacies and at physician and dentist offices, as you have in the past.

Q. What if I buy multiple items in one transaction and they are not all eligible expenses?

A. This new technology will allow for "splitting" of purchases to pinpoint FSA-eligible expenses and disallow non-eligible items. The retailer will be able to verify and split the individual items as well as the sales tax.

Q. One of my health care expenses is only approved because I have a doctor's note. Will the new system recognize it as an eligible expense?

A. No. Any item that requires a doctor's letter is still considered an eligible expense by the IRS. However, it will not be recognized by the IIAS technology, and you will no longer be able to use your debit card to purchase this item. You will need to submit a claim for reimbursement using our Health Care Claim Form, available on our website at www.altusbenefitadmin.com. Please provide a copy of your doctor's note with your initial claim.