

FSA Credit Card Available

Swipe cards have become very popular for FSA plans, providing participants a quick, easy way to charge eligible purchases to their FSA without paying out-of-pocket.

IRS recently issued clear guidance regarding electronic cards in benefit plans, so **ProBenefits** is now offering [myResourceCard™](#) which comes with a written guarantee of audit-compliance. Here is the big picture of how it works:



- Employer completes application with bank card issuer, establishing credit. A fee is charged, beginning at \$125 for up to 50 cards.
- Employer decides WHICH participants will be offered a card and the credit limit AMOUNT. No discrimination rules apply.
- Employer can issue and manage cards online, controlling who has cards, and their credit limit.
- Participant/Employee pays \$30/year for card access - \$18 MasterCard™, \$12 **ProBenefits**. Extra \$3 charge applies in year 1. This is a pre-tax expense charged automatically to the FSA.
- Employer may require that card be used only for FSA expenses. However, *any* expense can be charged to the card per MasterCard™ rules.
- Expenses are sent electronically to **ProBenefits** when incurred, and held for substantiation. Upon approval, the card charge is paid off. Charges NOT approved for reimbursement are billed electronically to the participant each month for payment (extra cost for paper). Employer is the ultimate guarantor of payment.

ProBenefits will contact its clients during the next few months to introduce the card, beginning with those on the “Early Bird” list.

Quickies

◆ Deadline for 2003 Claims News

Claims incurred during 2003 for calendar year plans must be submitted by March 31st. After this date, remaining balances in FSAs will be forfeited pursuant to the “Use It or Lose It” rule. For information on how the employer treats any such forfeited amounts, [click here](#).



Your Questions Answered

What IRS rules apply to debit or credit cards used within a flex plan?

[Revenue Ruling 2003-43](#) outlined IRS guidance for use of debit/credit cards within flexible benefits plans and similar benefit plans. Key points of this ruling include:

- Cards can be used by flex plan participants as a convenience, retaining tax-free benefit treatment.
- IRS’s usual claims substantiation rules still apply, requiring “a written statement from an independent third-party stating that the medical expense has been incurred and the amount of such expense and the participant also provides a written statement that the medical expense has not been reimbursed or is not reimbursable under any other health plan coverage.”
- Electronic card transactions in the exact amount of insurance plan copays (for office visits and drug prescriptions) can be auto-adjudicated... in other words, accepted without further documentation.

Click [here](#) for further info from our web site.

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