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## ***Receipts? The IRS Says It's the Law (and they are watching)***

### ➤ **Why do I need to send in receipts with any of my claims?**

- Simply speaking, **the IRS!** If they're going to allow you to keep a chunk of your money without paying taxes you have to keep receipts for 100% of your medical expenses and send them in if asked.
- Receipts help BMS to verify that your expenses are acceptable within the IRS guidelines.

### ➤ **I thought the FSA Debit Card was supposed to make it easier. Why do I still need to send in receipts on some expenses? Is there still a benefit to having the Debit Card?**

- This is still part of the same program whether you are using manual claims or your debit card for your medical purchases and the IRS still insists you obtain valid receipts for **every** medical purchase.
- Even in this high-tech society medical debit cards are only "half smart" at most locations – they can tell **where** you have been (Chevron gas station vs Rite-Aid Pharmacy) but they just can't tell **what** you bought (a candy bar vs Bayer aspirin). We need receipts to verify **what** you bought at many locations. It might seem logical to assume that any purchase from a dentist or from an eye doctor would be okay. Actually, things like teeth bleaching or non-Rx contacts (just to change eye color) would not qualify for the FSA. There is hope on the horizon – between 1/1/08 and 12/31/08 the cards will get smarter at many locations where you make your medical purchases (actually the locations will be using new computer chips). Walgreen's, Wal-Mart and Sam's Club already have the new technology. *Watch for details on the IRS Inventory Information Approval System (IIAS) at [www.bmsllc.net](http://www.bmsllc.net).*
- Even though you still have to obtain a valid receipt for all debit card purchases, you may not have to send certain ones in every time you use your card. For example, if the Rx or Dr. office co-pays are even amounts (e.g., \$10) you probably will not be asked for a receipt. If they are odd amounts (e.g., \$27.63) you probably will be asked to provide a receipt.
- Yes, there are still major benefits to the card even though you might have to send in a receipt. First, the moment you swipe the card you have been immediately reimbursed. Even if you might have to send in a receipt you do not have to wait for your money.

### ➤ **You keep saying "valid receipts," what are they?**

- The IRS says a valid receipt will have; the medical provider's name; the patient's name; a description of the product or service; the date of service or date of purchase; and the amount of out-of-pocket expense.
- Certain expenses (such as medical deductibles) require an Explanation of Benefits (EOB) statement from the insurance company to determine exactly what they expect the member or patient to pay.
- Items such as cancelled checks, credit card statements and similar items are **UNACCEPTABLE** to the IRS.

### ➤ **Where can I find a list of legitimate expenses and what happens if I buy something with my card that is not acceptable?**

- You can find an extensive list of legitimate expenses at [www.bmsllc.net](http://www.bmsllc.net) and click on Account Login You may call us or your HR representative if you need help in accessing your online account at the above internet address.
- Anything purchased with the FSA Debit Card that is not allowed by the IRS or is not verified must be repaid to the program or else the IRS says your card must be suspended.

Participants should visit [www.bmsllc.net](http://www.bmsllc.net) and click on Account Login to review if their transactions need to be substantiated or verified. A deadline for receiving your receipts will be indicated on the website. Also, you will be receiving e-mail or mail notification if you have pending Debit Card transactions. We allow substantial time for you to respond to requests for receipts. We are committed to making this a successful program for you and your fellow co-workers. **BMS LLC values your participation in the program!**