



SUBSTANTIATION DOCUMENTATION

Why does MGM Flex ask for Substantiation Documentation – aka Itemized Receipts?

As your Third Party Administrator, we ask for Substantiation Documentation because the IRS requires each and every FSA claim to be substantiated.

Good News...80% of all MGM Flex Card claims are AUTO SUBSTANTIATED...No Substantiation Documentation Required!

How are FSA claims substantiated?

FSA claims may be substantiated in one of four IRS approved methods:

(Note: 1-3 pertain to MGM Flex Card purchases. 4 pertains to manual or portal claims).

1. **Inventory Information Approval System (IIAS)** - Use your MGM Flex Card to purchase your prescription drugs, over-the counter drugs or other FSA approved item at an IIAS Merchant. **AUTO SUBSTANTIATED...No Substantiation Documentation Required!** Visit our website at www.mgmflex.com to view a list of IIAS Merchants.
2. **Co-Payment** - Use your MGM Flex Card to pay your health insurance co-pay. **AUTO SUBSTANTIATED...No Substantiation Documentation Required!**
3. **Recurring Expense** - Use your MGM Flex Card to pay for a recurring FSA eligible expense. Provide substantiation once; mark the expense as recurring and we can set the expense as recurring in our system. From that point forward it will be **AUTO SUBSTANTIATED...No Further Substantiation Documentation Required!**
4. **Provide Substantiation Documentation** - If you cannot use your MGM Flex Card to Auto Substantiate your expense in one of the methods listed above - the IRS requires that you to provide Substantiation Documentation to show the expense is a valid FSA expense under IRS Code Section 213(d).

What is Valid Substantiation Documentation?

Valid Substantiation Documentation contains all of the following:

1. **Name of service provider.**
2. **Name of patient.**
3. **Description of the service or product.** Needed to satisfy the IRS requirement that the expense meets the definition of an “Eligible FSA Expense” under IRS Code Section 213(d).
4. **Date of service or sale.** Needed to satisfy the IRS requirement that the eligible expenses was incurred during the Plan Year for which the claim was made.
5. **Amount of unreimbursed service or sale.** Needed to satisfy the IRS requirement that the eligible expense must be out of pocket and not reimbursed by another source.

Helpful Hint: Before you leave your medical service provider’s facility – tell them you are an FSA participant and need a Statement of Service or other itemized statement that contains **Patient Name, Provider Name, Description of Service, Date of Service, and Amount you owe** – more often than not, they will be able to provide this document which can be used as valid Substantiation Documentation. If your service provider cannot give you a statement before you leave – an Explanation of Benefits (EOB) should contain all needed information. Please understand if you wait for an EOB (could take as long as 60 days), you may receive more than one Substantiation Documentation Reminder. These are “friendly reminders” and are not meant to be threatening.

Example of Valid Substantiation Documentation



ABC Insurance Company
PO Box 789
Dallas, Texas 76233

This is a duplicate.

This is not a bill.

Employer Name: Leisure Express

Bill Jones, M.D.
305 Ashley Road
Anytown, TX 76233

Name of Service Provider

SUMMARY

Total Billed: \$ 62.00
Total Benefits Approved: \$ 37.00

Group No: 29560
Identification No.: ZDK000458689
Claim No.: 12344567890Z
Patient Name: Kathy Smith

Name of Patient

Amount You May Owe Provider: \$ 25.00

Amount of unreimbursed service or sale

SERVICE INFORMATION

Provider Name: Tara Medical Clinic	Service Date	Amount Billed	Not Covered	Covered
Provider Patient Account No: JKA95644	10-18-09	\$62.00		\$62.00
Services: Office Visit				
Totals		\$62.00		\$62.00

Date of service or sale

Description of the service or product

COVERAGE INFORMATION

Totals		\$62.00	\$0.00	\$62.00
Deductions				
Your Copayment Amount			\$25.00	
Total Deductions				-\$25.00
Total Benefits Approved				\$37.00
Total Benefits Approved				\$37.00
Amount You May Owe Provider				\$25.00

Total covered benefits approved for this claim: \$37.00 paid to Tara Medical Clinic on 10-18-2009

Example of Invalid Substantiation Documentation

MISSING: Patient Name

MISSING: Description of Service

MISSING: Date of Service



ABC Medical Clinic
552 West Bend Road
Any Town, USA 71832
(817) 695-3423

Merchant ID: 1213121313213

Ref # 1458

Sale

VISA Entry Method:
Method

Total: \$45.62

10/01/09 10/14:52

Inv #: 00045 Appr Code:
001218

Approved: Online Batch#:
000456

Customer Copy

What happens if a claim is never substantiated?

If you fail to substantiate a manual or portal claim; your claim will simply be denied and no reimbursement made to you.

If you fail to substantiate an MGM Flex Card claim; the IRS requires you to repay your FSA Account. If you fail to repay your FSA Account; the IRS requires your employer to report this (improper payment from your FSA account) as income (W2) to you.

In an effort to help you avoid the negative impact of non-substantiated claims; MGM Flex provides you with periodic reminders for claims that need substantiation.