

## IMPORTANT: Benefit Card Regulatory Updates *CONEXIS Compliance*

### IRS Regulatory Updates

#### Target<sup>®</sup> Stores Will Accept the Benefit Card in Specific Departments

Participants may now use the Benefit Card at Target<sup>®</sup> Pharmacy Centers, Target<sup>®</sup> Vision Centers, and Health Clinics. These healthcare related centers within Target<sup>®</sup> will use healthcare Merchant Category Codes (MCC's) at their registers which identify them as a pharmacy, optometrist, ophthalmologist, medical or health practitioners. However, the card **will not** be accepted at the general merchandise checkout aisles in Target<sup>®</sup> or SuperTarget<sup>®</sup>.

#### Most Retailers (Non-Healthcare Merchants) No Longer Accept the Card

Per recent IRS rulings, the Benefit Card may no longer be used at grocery stores and most discount stores like Wal-Mart. However, the participant may continue to purchase prescriptions and FSA qualified over-the-counter healthcare products at these stores and file a claim for reimbursement.

**Please note:** *Several other retailers are in the process of implementing system enhancements to meet IRS requirements that will allow them to accept the card. The timeframe for other retailers to make the necessary enhancements is unknown. CONEXIS will issue additional updates as soon as more information is available.*

### Multiples of Co-Pays

Effective immediately, multiples of co-pays (up to five times the applicable co-pay amount) will be allowed in accordance with IRS Notice 2006-69.

What does this mean for card users? Currently, if an FSA participant has two co-pays during a single visit to a healthcare provider, they are required to swipe each co-pay separately. The new IRS Notice allows participants to make a single swipe for up to five times of their co-pay amount for such multiple co-pays.

For Example: *If a participant with a \$20 per family member co-pay were to take their two children to the doctor at the same time, they only need to swipe the Benefit Card one time for \$40, instead of swiping the card twice for \$20 for each co-pay. [More co-pay examples](#)*

IRS Notice 2006-69 reaffirms the three methods for auto-adjudication outlined in previous guidance (IRS Revenue Ruling 2003-43) to include:

1. Co-pay Matching;
2. Recurring Expense Matching; and
3. Real-time Substantiation

More detailed information about IRS Notice 2006-69 is available [here](#).