

EFFECTIVE JANUARY 1, 2008 --- IRS CHANGES TO AFFECT YOUR FLEXAMERICA DEBIT CARD

What changes are being made that will affect how I use my FlexAmerica Debit Card?

The Internal Revenue Service (IRS) recently issued rules specifying where healthcare debit cards (like the FlexAmerica Debit Card) can be used. As of January 1, 2008, the FlexAmerica Debit Card will only be accepted at:

- Healthcare-related merchants, such as physician and dentist offices, vision care providers and hospitals.
- Non-healthcare related merchants, such as grocery stores, discount stores, wholesale clubs, web-based merchants (i.e. drugstore.com) that use an IRS-approved inventory information approval system.
- Drug stores and retail pharmacies through the 2008 calendar year. These merchants have until January 1, 2009 to implement an IRS-approved inventory information approval system.

What is an inventory information approval system?

Under an inventory information approval system, all products at the merchant location have been identified as either eligible healthcare expenses or non-eligible healthcare expenses per IRC §213(d). At the point of sale, each item purchased is checked for the inventory code assigned by the merchant. Provided that your debit card has sufficient balance available, only IRS approved transactions will be charged to your card. If you have non-approved items in the transaction, you will be asked for a second form of payment for these remaining items. You will not be required to send in receipts for these items at approved merchants, nor will you be sent the receipt request letter.

Will my card work at Wal-Mart and Walgreens?

Yes, these two merchants have implemented an IRS-approved inventory information approval system and have identified each item in their store as eligible or not eligible under IRC §213(d). When you swipe your card at one of these stores, it will "approve" the items identified as healthcare related items at the point of sale and you will not receive a request receipt letter. If you include non-eligible items (e.g., groceries) with your purchase, you will be asked to use another form of payment for those items.

Can I use my card at the pharmacy located inside a discount store or grocery store?

You will be able to use your card at a pharmacy located inside a discount or grocery store **only** if the merchant has changed their merchant code at the pharmacy counter to the pharmacy merchant category code. In this case, the card would work at the pharmacy counter, but not at the general checkout lanes.

Which merchants will be restricted?

The card will be restricted for purchases at grocery stores, discount stores, wholesale clubs and web-based merchants unless they have implemented an IRS-approved information inventory approval system.

What if my card is not accepted at the merchant?

If your card is not accepted at a particular merchant for IRS approved items, you can make your purchase with another form of payment and submit the receipts, along with a claim form to FlexAmerica. To expedite your claim reimbursement, use FlexAmerica's online eClaims feature.

Will I still need to save my receipts?

Yes, it is a good idea to save these receipts in case of an audit. You may still be required to send in receipts for doctor's visits, vision, dental etc. if the amount charged to your card does not match your co-payment amount.

EFFECTIVE JANUARY 1, 2008 --- IRS CHANGES TO AFFECT YOUR FLEXAMERICA DEBIT CARD

The Internal Revenue Service (IRS) recently issued rules specifying where healthcare debit cards (like the FlexAmerica Debit Card) can be used. As of January 1, 2008, the FlexAmerica Debit Card will only be accepted at:

- Healthcare-related merchants, such as physician and dentist offices, vision care providers and hospitals.
- Non-healthcare related merchants, such as grocery stores, discount stores, wholesale clubs, web-based merchants (ie. drugstore.com) that use an IRS-approved inventory information approval system.
- Drug stores and retail pharmacies through the 2008 calendar year. These merchants have until January 1, 2009 to implement an IRS-approved inventory information approval system.

Which non-healthcare related merchants will be compliant as of January 1, 2008?

The listing of merchants below has been provided to us by the IIAS Standards Interest Group and is as of September 18, 2007. The IIAS Standards Interest Group will publish updates from time to time and we will provide you with an updated list when it becomes available. Please note that the expected implementation date shown below was provided by the participating merchant and is subject to change.

Merchant	Date	Merchant	Date
ACME - SuperValu	12/1/2007	Long's Drug Stores	1/1/2008
Albertson's - SuperValu	12/1/2007	Lucky - SuperValu	12/1/2007
A&P Supermarkets	1/1/2008	Macey's	10/1/2007
Bigg's - SuperValu	12/1/2007	Meijer	11/19/2007
Brookshires/Super 1 Foods	1/1/2008	OSCO - SuperValu	12/1/2007
Buehler Food Markets	12/15/2007	Pak' n Save Foods	1/1/2008
Carrs	1/1/2008	Pavilions	1/1/2008
Cubs - SuperValu	12/1/2007	Price Chopper	1/1/2007
CVS/Caremark	11/30/2007	Randalls	1/1/2008
Dan's	10/1/2007	Rosauers/Super 1 Pharmacies	1/1/2008
Dick's	10/1/2007	Roundy's	1/1/2008
Dierbergs	1/1/2008	Safeway	1/1/2008
Discount Drug Mart	12/1/2007	Sam's Club	1/1/2008
Dominick's	1/1/2008	Sav-A-Center	1/1/2008
Farm Fresh - SuperValu	12/1/2007	Shaws - SuperValu	12/1/2007
Food Basics	1/1/2008	Shop & Save - SuperValu	12/1/2007
Genuardi's	1/1/2008	ShopKo Stores/ShopKo Express	11/15/2007
Giant Eagle	12/1/2007	Shoppers - SuperValu	12/1/2007
Giant Food	12/31/2007	Star Market - SuperValu	12/1/2007
Giant Food Stores	1/30/2008	Stop & Shop Pharmacy	12/31/2007
Hannaford Food and Drug	1/1/2008	SuperFresh	1/1/2008
Harris Teeter, Inc	1/1/2008	Sunflower- SuperValu	12/1/2007
H-E-B	1/1/2008	Sweetbay Supermarkets	1/1/2008
Hen House Markets	1/1/2008	Target Corporation	10/1/2007
Hornbachers - SuperValu	12/1/2007	Tom Thumb	1/1/2008
Hy-Vee Drug Stores	1/1/2008	Tops Markets	1/30/2008
Hy-Vee Food Stores	1/1/2008	Vons	1/1/2008
Jewel - SuperValu	12/1/2007	Waldbaum's	1/1/2008
Kerr Drug	1/1/2008	Walgreen's	7/1/2007*
Kroger	10/1/2007	Wal-Mart Stores	1/1/2008
Lin's	10/1/2007	Wegmans	2/1/2008

*Implemented proprietary IRS-compliant inventory information approval system, however is not a member of the IIAS Standard Interest Group.