

Substantiation: Frequently Asked Questions

Q. What is substantiation?

A. To substantiate means to provide evidence to support or prove your medical transaction is for an eligible medical expense. The IRS requires that you keep copies of your receipts in the event of an audit.

Varipro can auto-substantiate eligible medical expenses for card swipes made at medical providers if the amount matches the copayment of your medical plan and at retail merchants with an Inventory Information Approval System, (IIAS).

If an eligible expense is auto-substantiated, you will not be required to submit a claim form.

Roughly 85-95% of debit card transactions are auto-substantiated by Varipro and no further action is required. A small percentage of claims may not be auto-substantiated, and the participant may receive a letter or email requesting a receipt to verify the expense.

Q. What types of charges require documentation?

A. The following are common medical expenses that cannot be auto-substantiated and would require documentation:

- Medical expenses that don't match the copay amount of your employer's medical plan.
- Payments made for dental services.
- Payments made for vision services.
- Payments made to non IIAS retail merchants

Recurring expenses can also be auto-substantiated. IRS regulations mandate the initial debit card transaction must be substantiated, but ongoing transactions can be auto substantiated.

Q. What are the IRS Claim Documentation Requirements?

A. The IRS requires the following information for substantiation:

- Name of person who incurred the service or expense
- Name and address of the provider or merchant
- Date the service or expense incurred
- Detailed description of the service
- Amount charged for the service or expense

Examples of acceptable documentation:

- EOB (explanation of benefits)
- Detailed, itemized receipts or invoices

Examples of unacceptable documentation:

- Provider statement that only indicate the amount paid, balance forward or previous balance
- Credit card receipt
- Missing or vague medical practitioner's note
- Bills for prepaid medical expenses where services have not yet occurred

Receipts for over-the-counter (OTC) and prescription items do not need to include the participant's name but must display the name of the item (e.g. Band Aids). Some over-the-counter items may require a prescription from your doctor, indicating it is medically necessary.

Q. What is the Varipro process for requesting substantiation?

A. Varipro will send the participant a letter/email requesting documentation.

- Once the participant sends receipt, Varipro reviews it and manually substantiates the expense (if eligible).
- If the transaction is ineligible or if documentation is not sent after second request, Varipro may suspend the card and

request a refund of the overpayment from participant.

- The debit card will be reinstated when receipts are received, or overpayment is returned to account.

Q. How can I submit my documentation to Varipro?

A. There are several ways to submit the needed information:

- Varipro's Mobile App - Take a picture of your receipt with your phone camera and upload directly to claim
- Varipro Participant Portal - Upload saved copies of itemized receipts, invoices or EOBs directly to claim at member.varipro.com
- Fax - Include copy of receipt reminder with copy of itemized receipts, invoices or EOBs to 844-902-4564
- Mail - Include copy of receipt reminder with copy of itemized receipts, invoices or EOBs

Q. What is Varipro's receipt reminder process?

A. Varipro will let you know if a receipt is needed.

- **Day 1:** Debit Card Transaction processed
 - Auto-Substantiation applied (IIAS, Co-pay matching or Recurring expense logic) if possible
 - If auto-substantiated, no further action needed from participant
 - If Varipro is not able to auto-substantiate the claim, the 1st Receipt Reminder will be sent to participant
- **Day 15:** 2nd Reminder sent to participant
- **Day 30:** 3rd Reminder sent to participant
- **Day 45:** Denial letter/email with repayment request sent to participant; Debit card will be turned off until repayment is made or receipt is provided

Q. What happens if I do not repay the ineligible expense?

A. If you do not repay the Plan may:

- Recoup the amount owed from future eligible expenses;
- Your employer may deduct the amount owed from your paycheck, or
- Failing any of the above, the employer must treat the amount owed as a business debt.
- Include the amount as taxable wages on your W-2.

Substantiation Terminology

Adjudicate:

An official decision on whether an expense/claim is eligible.

Debit Card Auto Substantiation:

The ability to electronically verify the eligibility of card transactions.

Pending Auto Substantiation:

The system is waiting to see if the debit card transaction can be auto-substantiated.

Substantiation Required:

The need to provide proof the service is eligible. After proof (i.e. receipt image, Explanation of Benefits) is provided, the claim will need to be adjudicated.

Receipt Required:

The claim requires substantiation before it can be adjudicated.

If you have any further questions about substantiation, please contact us:

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