




Electronic Transactions Association Annual Meeting and Expo
April 15-17, 2008 • Mandalay Bay Resort & Casino • Las Vegas, Nevada

Healthcare RX: Making Sense of Health Savings Accounts, Flexible Spending Accounts and IIAS

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Greg Licata – Special Interest Group for IIAS Standards
John Romer – Fifth Third Processing Solutions



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Healthcare RX

Making Sense of Health Savings Accounts, Flexible Spending Accounts and IIAS



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Healthcare Benefit Cards

Acquirer Opportunities with IIAS

- Provide consulting support to your retail clients on IIAS Requirements & Support
- Support card network Auto-Substantiation Processing transactions for IIAS solutions.
- Coordinate POS Vendor Authorization and Settlement certification to support IIAS Auto-Substantiation processing
- Drive retailer SIGIS Membership to support certified IIAS Solutions
- Perform Acquirer Self Assessment Reviews and Network Registration



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Acquirer Opportunities with IIAS

- Join SIGIS and work with industry leaders to support standards development and review and support the future state of the industry to provide industry leadership for your retail clients.
- Work with key industry vendors to identify POS solutions to support your clients and ensure these systems support certified IIAS processing.
- Develop low cost POS solutions that can support IIAS solutions for small retailers.



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Acquirer Perspective on IIAS

- IRS requirements force targeted retailers to adopt an IIAS solution or stop accepting FSA and HRA cards.
- For many retailers cost of implementing an IIAS solution is not justified in light of the lost sales from not accepting these cards, but a simple analysis may not enough:
 - Will not having an IIAS solution mean you lose the customer or just the sale?
 - Will an IIAS solution shrink margins for already economically pinched retailers?



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Acquirer Perspective on IIAS

- An Acquirer / Processor that does not support IIAS processing can force a retailer to seek an Acquirer / Processor that supports IIAS solutions.
 - ISOs using an Acquirer / Processor that does not support IIAS solutions may need to seek a partner that does.
- Independent supermarkets, pharmacies and general retailers selling over the counter medicines have not been well addressed by the industry to date.



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Acquirer Issues with IIAS

- Industry lacks an IIAS solution for small merchants that meets IRS requirements
 - Inventory System that flags Health Eligible Items using the SIGIS Eligible Item File
 - BIN File System to identify FSA and HRA Cards that require IIAS Support
 - POS system that generates card network required auto-substantiation transactions
 - Receipt system that flags Eligible Items
 - Transaction storage system to support IRS Audits of IIAS transactions



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Acquirer Issues with IIAS

- IIAS processing support is a work in progress. Several key functions remain to be fully implemented:
 - IRS Audit Support: IRS Audits are similar to a Retrieval Request but will require different handling due to HIPAA concerns
 - "90% Rule" clients under IRS guidelines do not require an IIAS solution, but a generally accepted solution to supporting card acceptance for these merchants has not be finalized and approved.
