

Benny Card Information Update

March 20, 2009

The Benny card has now been available for almost two months and while we continue to get very positive feedback on how pleased employees are with its convenience, we are also beginning to recognize that some employees have had issues using the card. In particular, there are two issues that are important for you to know about. The *first* has to do with employees who have had their Benny card denied when attempting to purchase an item; the *second* is a reminder that some Benny card purchases require employees to send in documentation to our pre-tax vendor, Eide Bailly, to substantiate a purchase or risk the possibility that the card will be suspended if the documentation or repayment of an ineligible expense is not sent in by the required deadlines.

1. Benny Card Denials

Some State employees have experienced Benny Card denials when presenting the card at local retailers. After reviewing the denials with the vendors involved, we have identified situations where the Benny Card might not work and have some suggestions for employees who have this experience. Although the occurrences have not been widespread, we understand that they can be disconcerting when they occur. This is particularly the case when an employee has had to pay for the item and finds that in most cases the only way to get reimbursed is to use the pre-Benny card process of submitting a manual claim.

Unlike a regular credit card, the Benny Card is dependent upon the local merchant having completed some basic preliminary steps to allow the card to work at their store. The steps require the merchant to sign up to use the debit card system with a correct Merchant Category Code and then correctly code their inventory to distinguish items eligible for pre-tax purchase from other items offered at that store. If any of these steps are not done correctly by the merchant, an item that would otherwise be eligible will not be able to be processed through the Benny Card system.

Here are some reasons why a Benny Card transaction may be declined:

- The card may not have been activated.
- The item being purchased may not be an eligible pre-tax item.
- There are no remaining funds or the card has insufficient funds and the merchant's system does not allow partial authorization.
- The merchant may not be authorized or may not have signed up to accept health debit cards.
- The merchant may have incorrectly coded an item as a non-health care item.
- The merchant may have only completed the required coding in the pharmacy area. In this situation, the Benny card may work at the pharmacy register but not at the general cashier line.
- The cashier may have incorrectly entered the item at the point of sale.
- The account may not be properly set up in Eide Bailly's system.

How you can help

While the denials are not frequent (the State's Pre-tax plan has had over 87,000 successful "swipes" to date) we want to research any of the situations that appear to be an invalid reason for a debit card decline. Eide Bailly is working with the debit card vendor, Evolution Benefits, to identify the source of invalid card declines. In order to do this, we ask that you tell Eide Bailly

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more about the specific problems you may have had when using your Benny Card. Please call Scott Johnston at Eide Bailly at 952-918-3573 and let him know the details:

- What is the name of the store and where is it located?
- Was the purchase made at the pharmacy register or at a general store register?
- What items were rejected?

Eide Bailly will follow up with you after they have researched your particular situation. Some problems may not be able to be resolved if the issue stems from the retailer's inventory management system. You may choose to provide this feedback to your retailer so they can be notified to correct the problem.

How you can be reimbursed if your Benny card is denied

In the meantime, Eide Bailly will be happy to reimburse you for rejected purchases via the usual manual reimbursement procedure. Please fill out a request for reimbursement and submit it to Eide Bailly. The form is on their website at: www.eidebaillybenefits.com/som. If requested, they will waive the \$50 minimum reimbursement requirement for purchases where the Benny card was improperly rejected.

2. Requests for substantiation of Benny Card transactions (and possible card suspensions)

The IRS requires that individuals who utilize pre-tax benefits keep detailed receipts of their transactions to substantiate pre-tax eligibility. This is the same documentation employees have submitted manually in the past to claim pre-tax dollars prior to the Benny card. While the IRS still requires individuals to keep pre-tax receipts, because of the coding merchants do to identify eligible pre-tax items, the vast majority of transactions do not require that Eide Bailly follow-up with a request for the documentation. However, auto-substantiation does not work 100% of the time. IRS guidelines limit the technologies Eide Bailly is allowed to use to auto-substantiate Benny card transactions. In spite of that, they are successful in processing the vast majority without having to follow-up with a request for a manual submission of a claim form for a transaction that could not be auto-substantiated.

For those transactions that Eide Bailly cannot auto-substantiate, they are required to issue Receipt Request letters to request the itemized documentation. The first request sent asks that documentation be submitted within 30 days. If the information is not received, a second reminder request is sent allowing an additional 14 days for documentation submission.

If the documentation is not received or if Eide Bailly has received the documentation and determined that the expense is not an eligible expense, they will send an Ineligible Expense Overpayment Request letter. This letter allows 14 days for repayment of the expense or an additional 14 days to submit documentation if it has not previously been submitted. ***If the required repayment or documentation is not received within that time period, per IRS guidelines, use of the card will be suspended until the matter is resolved.***

If you have questions, please call Eide Bailly Employee Benefits toll free at 1-800-300-1672 or from the Twin Cities Metro area, call 952- 944-6633.