

Clarity COVID-19 Temporary Claim Substantiation and Debit Card Deactivation Policy

Goal: Ensure Clarity plan participants can continue to access their Clarity benefits and use their Clarity Benefits Card for all medical related expenses, including any COVID-19 related expenses.

Policy: Temporary suspension of claim/receipt substantiation and debit card deactivation. While many expenses purchased with the Clarity Benefit Card are auto-substantiated, some are not. Clarity is temporarily freezing our practice of requesting the documentation needed to substantiate debit card transactions and ceasing the deactivation of debit cards when our participants fail to submit such documentation for most card purchases. Once the outbreak has passed, Clarity will reinstitute normal procedures and may request documentation to substantiate any debit card transactions that were not automatically substantiated.

Participant Requirements:

1. Obtain and maintain sufficient documentation (e.g., EOB's, invoices and medical receipts)
2. Be prepared to establish the fact that each expense paid with the debit card qualifies as an eligible medical expense
3. Be prepared to submit such documentation at a later date

Potential Penalty

If a participant fails to submit documentation requested at the later date, in accordance with IRS guidelines, debit cards may be deactivated and participants may be required to repay any ineligible expense the improper debit card payment.

Disclaimer

Clarity is aware that IRS regulations require the deactivation of debit cards when participants fail to comply with the after-the-fact substantiation requirements. Clarity believes this *temporary* approach will not put our clients or their employees plans at risk. IRS regulations do not specify a specific deadline by which after-the-fact substantiation must occur prior to deactivation of the card. Clarity has consistently imposed conservative approach. A longer period complies with the requirement.

Finally, the IRS routinely provides relief from various deadlines in times of disaster or crisis. Although the IRS has not yet addressed the impact of COVID-19 on health FSA and HRA administration, Clarity believes this temporary adjustment to procedures is consistent with past IRS relief.

Why Clarity Substantiates Claims

The majority of the health FSA and HRA benefits administered by Clarity are provided through the Clarity Benefits Card. In accordance with IRS requirements, Clarity has procedures for substantiation of debit card transactions. When transactions are not automatically substantiated in accordance with IRS regulations, Clarity is required to conduct after-the-fact substantiation of each and every claim. To do this Clarity contacts the participant and request the documentation needed to substantiate that the expense incurred as part of the debit card transaction qualifies as an eligible medical expense. If a participant fails to submit the required documentation to substantiate the debit card transaction within 90 days, Clarity is required to take the step of deactivating the participant's debit card until the transaction is substantiated or the improper payment is recovered.