

## Questions and Answers

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### ▪ **How was I informed of these spending card transaction problems?**

You received statements from SHPS throughout 2008 and the beginning of 2009 showing account activity, including card transactions which required receipts. On statements where SHPS requested receipts, the items were noted in the “Action Required” section and a Validation Return Form was also included with the request to complete and return. Your statements were also posted on the SHPS website (<https://spendingaccount.shps.com>) in the “Your Statements” section claim.

In addition to the statements you received from SHPS throughout 2008, UC sent a reminder letter in November 2008 (to those with unverified transactions in the first half of 2008), and again in May 2009 (to everyone with unverified transactions as of 12/31/2008), stating that you had one or more spending card transactions for which SHPS had not received required documentation.

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### ▪ **Can I submit receipts now?**

No. The claim filing deadline was June 15, 2009. No extension to the claim filing deadline is allowed.

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### ▪ **Why is UC taking this action?**

Per IRS regulations that govern health care reimbursement plans, an employee who fails to validate a transaction becomes indebted to the employer for the amount of the improper payment. In that event, and consistent with its business practices, the employer must treat the payment as it would any other business indebtedness.

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### ▪ **I still don't understand why SHPS needs a receipt.**

The IRS requires that **every single transaction** paid by the spending account card be validated as a qualifying health care expense. This means that SHPS must gather documentation as proof of your purchase and the receipt must include all of the following:

- the provider's name and address,
- the date of service or purchase,
- the type of service or name of product, and
- the amount you paid

The IRS allows certain transactions to be “auto-substantiated” when using a debit card. Auto-substantiation is the ability for SHPS to verify a purchase as a legitimate expense, rather than requiring the employee to fax or mail a paper receipt to the plan administrator. However, for those transactions that cannot be auto-substantiated, receipts are required and you must provide appropriate documentation when SHPS requests it.

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▪ **I submitted receipts but SHPS denied them – can I re-send information now?**

No. The claim filing deadline was June 15, 2009. Claimants were provided with sufficient time to investigate discrepancies and submit necessary documentation, in proper order, by the deadline. No extension to the claim filing deadline is allowed.

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▪ **If I fail to submit a payment to UC for unsubstantiated 2008 SHPS spending card transactions, will UC contact a collection agency?**

The University will not contact a collection agency to recoup the amount that you owe for unsubstantiated 2008 spending card transactions. However, if you do not submit your payment by the deadline, the unsubstantiated amount will be added to your taxable earnings as “imputed” income for Tax Year 2010. Additionally, FICA and Medicare taxes applicable to the imputed income will be deducted, thereby reducing your net pay for the month in which the imputed income is added to your regular earnings.

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▪ **I believe I fulfilled all the requirements by submitting complete documentation by the June 15, 2009 deadline. Can I appeal?**

Yes. A final appeal through the FSA Appeals Committee is available. A claimant whose claim has been denied, or his/her authorized representative, may ask the Appeals Committee to review the decision by submitting a written statement of appeal by January 29, 2010.

The written statement must:

- a. request a review of the denial
- b. set forth all of the reasons and supporting facts upon which the request for review is based
- c. include all documentation supporting the request for appeal, and
- d. include any issues or comments which the applicant deems relevant to the appeal

Each appeal and any related written materials submitted by the appellant will receive a full and fair review. The appellant may be required to submit within 45 days after a written notice additional facts, documents or other evidence as deemed necessary in making such a review.

The decision of the Appeals Committee on any appeal for health and welfare benefits shall be final and conclusive upon all persons when supported by substantial evidence in the record. With the Appeal Committee’s decision, the appellant has exhausted all administrative remedies under the plan.

The appeal should be directed to:

FSA Appeal Committee  
Health & Welfare Vendor Management, Human Resources  
University of California, Office of the President  
300 Lakeside Drive, 6<sup>th</sup> floor  
Oakland, CA 94612