



Ceridian
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Dear Client,

This is to remind you that the deadline for drugstores and pharmacies to implement an Inventory Information Approval System ("IIAS") will expire on June 30, 2009. It is important that you and your employees understand that as of July 1, 2009, Ceridian's FSA cards cannot be accepted at drugstores and pharmacies that have not either implemented an IIAS or certified to SIGIS that at least 90% of their sales are FSA-eligible health expenses.

Background. For more details on the extension of this deadline, the IIAS requirement, the role of SIGIS and other issues, click [here to view the Compliance Alert](#) we distributed in February 2009.

Information for employees. We've developed the following brief explanation of these changes and the rules for where Ceridian's debit cards can be used. We encourage you to make it available to your FSA participants.

The IRS rules defining which merchants are allowed to accept an FSA debit card as a form of payment will change slightly on July 1, 2009. As a result, some drugstores or pharmacies may be required to stop accepting these cards. If the store where you normally purchase FSA-eligible items has not taken the steps necessary to continue accepting FSA debit cards, you will need to use another form of payment (or find another store). Of course, you will still be able to file paper claims for your expenses.

In order to continue accepting FSA debit cards, a drugstore or pharmacy must either install a system that identifies FSA-eligible expenses at the point of sale, called an Inventory Information Approval System ("IIAS"), or certify that 90% of the items it sells are FSA-eligible. This rule has been in place for all merchants other than health-related providers (as defined by the card network), but the IRS had made an exception for drugstores and pharmacies until July 1, 2009. To see a list of merchants that have implemented an IIAS or certified that 90% of the items they sell are FSA-eligible, go to www.sig-is.org – these are the merchants that are able to accept FSA cards as a form of payment.

The good news is that you will not be asked to submit receipts for any IIAS transactions. However, you may be asked to submit receipts for any other transaction. Please keep your receipts in case they are needed.

Until June 30, 2009, Ceridian's FSA debit card will continue to be accepted at:

- any merchant with an IIAS
- health-related merchants such as doctors, hospitals, dentists, labs and vision care centers
- any merchant that has certified at least 90% of its sales are FSA-eligible health expenses
- drugstores and pharmacies regardless of whether they have implemented an IIAS

After July 1, 2009, Ceridian's FSA debit card will be accepted only at:

- any merchant with an IIAS
- health-related merchants such as doctors, hospitals, dentists, labs and vision care centers
- any merchant that has certified at least 90% of its sales are FSA-eligible health expenses